Review Financial Plan for FY 2020

• Context

• Financial Plan overview
  – Debt service

• Traffic and revenue
  – Traffic and revenue highlights
  – Forecast vs. actual traffic and revenue
  – Sources of funds

• Toll collection and facility costs
  – Cost highlights
  – Uses of funds

• Sufficient minimum balance test
The 2018 Legislature passed SHB 2990, which declares legislative intent to maintain current toll rates on the Tacoma Narrows Bridge (TNB) through FY 2022, and limit the increase in 2022 and thereafter to 25 cents.

- Up to a maximum of $85 million could be loaned from the motor vehicle fund
- Repayment begins when debt service is fully paid

Given this context, no rate-setting is likely needed until 2021

A $5 million short term loan from the motor vehicle fund during FY 2019 will be repaid in 2020

- Allowed 2018 rates to continue into 2019

Toll booth and toll collection systems on TNB are past due for updating, and the vendor contract is due for reprocurement

- New toll vendor proposals will be solicited in FY 2020
- Systems and toll collection equipment replacement in FY 2020-2022
Debt Service and Deferred Sales Tax Repayment Schedule

- 2002 planned toll rates were based on the Traffic and Revenue Study completed by Wilbur Smith Associates in August 2002. The financing assumption was $800 million state general obligation bonds at an interest rate of 5.85%. A 2005 Traffic and Revenue Update, also conducted by Wilbur Smith Associates, confirmed the same toll rate structure.
- Payments and toll rates were assumed to increase over time in the 2002 plan.
- In 2015, the legislature moved repayment for deferred sales taxes by FY 2032.
TRAFFIC AND REVENUE
Traffic and Revenue Highlights

- FY 2018 traffic was 0.7 percent above the 2017 forecast.
- The current November 2018 forecast projects that traffic will remain higher than previous forecast, but will grow at the same rate.
- Adjusted gross revenue for FY 2018 was approximately 2.3% higher than forecast.
  - The portion of trips using higher cost payment methods (Pay By Plate, Pay By Mail) is higher than forecasted, while Good To Go! transactions were less than expected.
- FY 2019 revenue includes a $5 Million short-term loan from the Motor Vehicle Fund that will be repaid in FY 2020.
- On financial plan, civil penalty and adjudication costs were previously shown separately from other revenues and expenses; now they are shown together.
Tacoma Narrows Bridge
FY 2018 forecasted and reported toll TRAFFIC

- FY 2018 total reported toll traffic was 0.7 percent above the 2017 forecast.
Tacoma Narrows Bridge
FY 2018 forecasted and reported toll REVENUE

- Potential revenue (assuming all transactions collected) was 1.6 percent higher than the 2017 forecast
- Adjusted gross revenue (deducting uncollected tolls) was 2.3 percent above forecast
2017 and 2018 Traffic Forecast Comparison

Millions of Transactions – Eastbound on Bridge

Actual and Forecasted Annual Eastbound Toll Transactions on TNB (in millions)

Comparing 2017 and 2018 Forecasts

Actual Transactions
November 2017 Forecast
November 2018 Forecast
Tacoma Narrows Bridge
Q1 FY 2019 forecasted and reported toll traffic

- Total reported toll traffic for the first quarter of FY 2019 was in line with the new November forecast.
Tacoma Narrows Bridge
Q1 FY 2019 forecasted and reported gross toll revenue

- Total reported adjusted gross toll revenue was 1.6% above forecast, up by $339,287
FY 2020 Projected Sources of Funds

- Good To Go! Pass: $45,136,000 (53%)
- Toll Booth Payment: $21,811,000 (26%)
- Pay By Plate: $11,520,000 (13%)
- Pay By Mail: $3,981,000 (5%)
- Civil Penalty Revenue: $2,038,000 (2%)
- Transponder Sales Revenue: $379,000 (0%)
- Fees: $496,000 (1%)
TOLL EXPENSES
Cost Highlights

• TNB share of cost for back office reprocurement has not changed ($4.95 million over three years), but .5 million shifted to 2020

• Costs for reprocurement of TNB toll vendor and toll collection equipment, as well as facility repair and replacement costs, have also been shifted forward to 2021-2023

• These shifts reduce the amount that must be borrowed from fuel taxes in 2020 to meet sufficiency requirement

• Insurance costs have been coming in below original budget

• Increased use of Pay By Mail has increased postage costs

• Credit card processing fees continue to increase

• 2018 cost projections for facility maintenance are higher than 2017 estimates
FY 2020 Projected Uses of Funds

FY 2020

Debt Service + Withholding
$72,747,000 (77%)

Toll Booth and Lane Vendor Contract
$3,413,000 (4%)

Toll CSC Vendor Reprocurement
$532,000 (1%)

Toll CSC Operations Vendor Contract
$2,934,000 (3%)

PBM Postage
$595,000 (1%)

Insurance
$1,400,000 (2%)

Civil Penalty Adjudication Costs
$1,101,000 (1%)

Credit Card & Bank Fees
$2,078,000 (2%)

Personal Service Contracts
$362,000 (0%)

Salaries & Benefits
$1,279,000 (1%)

Other Toll Operations Costs
$477,000 (1%)

Infrastructure Maintenance
$774,000 (1%)

Transponder Costs
379,000 (0%)

Repair & Replacement
1,295,000 (1%)

Transfers to Other Accounts
5,000,000 (5%)
TNB Toll Operations Cost
Toll Collection System and Toll Booth Operation

- Slight reductions in cost for TNB toll vendor compared to 2017 projections
- Future toll operation costs will be defined based on bids for a new toll operator
Cost for TNB toll system replacement and facility R&R projects have been shifted from 2020 to 2021 through 2023, reducing 2020 requirement for fuel tax loan.

Slightly over $10 million of this cost is devoted to replacing the TNB toll collection vendor.

TNB Repair and Replacement, including Facility R&R and Toll Vendor Reprocurement
Annual Use of Funds

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- WA State Patrol
- PBM Postage
- Credit Card & Bank Fees
- Other Toll Ops Costs
- Personal Services Contracts
- Salaries & Benefits
- CSC Vendor
- Toll Booth and Lane Vendor Contract
All Costs Forecast to FY 2030

- Reviewing this year - FY 2019

FY 2008: $0
FY 2012: $10,000
FY 2016: $20,000
FY 2020: $30,000
FY 2024: $40,000
FY 2028: $50,000

$ Thousands

- Toll CSC Vendor Reprocurement
- Repair and Replacement
- WA State Patrol
- PBM Postage
- Credit Card & Bank Fees
- Other Toll Ops Costs
- Personal Services Contracts
- Salaries & Benefits
- CSC Vendor
- Debt Service

ACTUALS | FORECAST
Tacoma Narrows Bridge Fund Balance ($ Thousands)
Forecast based on TNB Financial Plan

If the legislature did not provide a planned loan from the Motor Vehicle Fund, the balance would go below the sufficient minimum balance in 2020.

- Includes $5 million loan from MVF in FY 2019, repaid in 2020
- Does NOT include planned loan from Motor Vehicle Fund that will meet sufficiency requirement
Rob Fellows
Planning and Policy Manager, WSDOT Toll Division
206-464-1257 or Rob.Fellows@wsdot.wa.gov