

Tacoma Narrows Bridge Financial Report, Photo Tolling, Transponder Technology

Paula J. Hammond, P.E.
Secretary

David L. Dye, P.E.
Deputy Secretary

Steve Reinmuth
Chief of Staff

Craig Stone
Toll Division Director

Washington State Transportation Commission
October 19, 2010



Washington State
Department of Transportation

Presentation Overview:

- **Current Financial Reports**

- Current Tacoma Narrows Bridge (TNB) financial statements

- **TNB Citizen Advisory Committee**

- Oct. 6 meeting recap – Commissioner Dan O’Neal
- Questions and concerns raised by the Citizen Advisory Committee

- **Rule Making Schedule**

- Proposed rule-making schedules for TNB and State Route 520

- **New Transponder Pass Technology**

- New *Good To Go!* transponder pass technology
- New transponder pass incentives

Current Financial Reports

- Projected and Reported Traffic and Revenue TNB - FY 2010
- Projected and Reported Traffic and Revenue TNB - FY 2011 year-to-date
- Financial Statements – FY ending June 30, 2010 TNB Account

Projected and Reported Traffic and Revenue TNB - FY 2010

	Projected Traffic	Reported Traffic	Variance	Projected Toll Revenue	Reported Toll Revenue	Variance	Reported Transponder Revenue	Reported Violation Revenue	Other Reported Revenue	Total Reported Revenue
Jul-09	1,209,709	1,306,609	96,900	\$ 3,782,879	\$ 4,293,278	\$ 510,399	\$ 63,286	\$ -	\$ 25,266	\$ 4,381,830
Aug-09	1,220,066	1,294,569	74,503	\$ 3,837,805	\$ 4,259,985	\$ 422,180	\$ 61,325	\$ 54,736	\$ 1,804	\$ 4,377,849
Sep-09	1,168,866	1,215,868	47,002	\$ 3,675,281	\$ 3,938,650	\$ 263,369	\$ 56,735	\$ 52,083	\$ 1,520	\$ 4,048,989
Oct-09	1,188,273	1,207,464	19,191	\$ 3,717,476	\$ 3,865,982	\$ 148,506	\$ 51,202	\$ 64,966	\$ 24,483	\$ 4,006,633
Nov-09	1,138,265	1,106,449	(31,816)	\$ 3,552,155	\$ 3,553,188	\$ 1,033	\$ 41,623	\$ -	\$ 600	\$ 3,595,411
Dec-09	1,199,741	1,178,283	(21,458)	\$ 3,728,516	\$ 3,500,015	\$ (228,501)	\$ 47,303	\$ 114,502	\$ 386	\$ 3,662,205
Jan-10	1,152,774	1,107,393	(45,381)	\$ 3,581,778	\$ 3,425,670	\$ (156,108)	\$ 48,806	\$ -	\$ 23,753	\$ 3,498,229
Feb-10	1,154,294	1,046,204	(108,090)	\$ 3,581,480	\$ 3,317,608	\$ (263,872)	\$ 45,535	\$ 91,550	\$ 1,880	\$ 3,456,573
Mar-10	1,273,519	1,190,740	(82,779)	\$ 3,953,995	\$ 3,726,240	\$ (227,755)	\$ 51,746	\$ 43,224	\$ 777	\$ 3,821,987
Apr-10	1,215,770	1,161,012	(54,758)	\$ 3,774,674	\$ 3,672,612	\$ (102,062)	\$ 51,068	\$ -	\$ 23,270	\$ 3,746,950
May-10	1,277,719	1,209,228	(68,491)	\$ 3,992,763	\$ 3,847,339	\$ (145,424)	\$ 52,174	\$ 89,360	\$ 2,524	\$ 3,991,397
Jun-10	1,239,247	1,237,512	(1,735)	\$ 3,862,584	\$ 3,952,371	\$ 89,787	\$ 58,117	\$ 83,117	\$ 1,272	\$ 4,094,878
FY Total	14,438,243	14,261,331	(176,912)	\$ 45,041,386	\$ 45,352,938	\$ 311,552	\$ 628,920	\$ 593,538	\$ 107,534	\$ 46,682,930

Actual Revenue includes toll revenue, violations fees and transponder sales.

Reported Revenue aligns with Fund 511 Financial Statements.

July 2009-August 2009 projections based on the forecast dated June 2009.

September 2009-October 2009 projections based on the forecast dated September 2009.

November 2009-May 2010 projections based on the forecast dated November 2009.

February 2009-May 2010 projections based on the forecast dated February 2010.

June 2010 projections based on the forecast dated June 2010.

Projected and Reported Traffic and Revenue TNB - FY 2011 year-to-date

	Projected Traffic	Reported Traffic	Variance	Projected Toll Revenue	Reported Toll Revenue	Variance	Reported Transponder Revenue	Reported Violation Revenue	Other Reported Revenue	Total Reported Revenue
Jul-10	1,317,974	1,295,677	(22,297)	\$ 4,104,216	\$ 4,230,710	\$ 126,494	\$ 63,577	\$ 46,571	\$ 21,994	\$ 4,362,851
Aug-10	1,328,911	1,292,565	(36,346)	\$ 4,156,815	\$ 4,225,321	\$ 68,506	\$ 57,092	\$ 1,175	\$ (274)	\$ 4,283,314
FY to Date	2,646,885	2,588,242	(58,643)	\$ 8,261,031	\$ 8,456,031	\$ 195,000	\$ 120,668	\$ 47,745	\$ 21,720	\$ 8,646,165
Sep-10	1,213,638			\$ 3,835,938	\$ -					\$ -
Oct-10	1,234,062			\$ 3,887,145	\$ -					\$ -
Nov-10	1,157,375			\$ 3,632,620	\$ -					\$ -
Dec-10	1,220,155			\$ 3,817,691	\$ -					\$ -
Jan-11	1,169,981			\$ 3,660,632	\$ -					\$ -
Feb-11	1,121,548			\$ 3,498,263	\$ -					\$ -
Mar-11	1,292,363			\$ 4,030,731	\$ -					\$ -
Apr-11	1,233,784			\$ 3,848,936	\$ -					\$ -
May-11	1,296,636			\$ 4,078,964	\$ -					\$ -
Jun-11	1,311,583			\$ 4,106,723	\$ -					\$ -
FY Total	14,898,010	2,588,242	(58,643)	\$ 46,658,674	\$ 8,456,031	\$ 195,000	\$ 120,668	\$ 47,745	\$ 21,720	\$ 8,646,165

Actual Revenue includes toll revenue, violations fees and transponder sales.

Reported Revenue aligns with Fund 511 Financial Statements.

July 2010-August 2010 projections based on the forecast dated June 2010.

September 2010-June 2011 projections based on the forecast dated September 2010.

Financial Statements – FY ending June 30, 2010 Tacoma Narrows Bridge Account

THE TACOMA NARROWS BRIDGE ACCOUNT (FUND 511)
WASHINGTON STATE
DEPARTMENT OF TRANSPORTATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
State Fiscal Year 2010, Quarter Ended June 30, 2010 - DRAFT*

NOTES	JULY		YEAR TO DATE
	THROUGH MARCH	THROUGH JUNE	
OPERATING REVENUES:			
Tolling Revenue	33,880,616	11,472,322	45,352,938
Violation Penalty Revenue	421,051	172,477	593,528
Transponder Sales	487,551	181,359	668,910
Miscellaneous Revenue	80,484	77,095	157,579
Total Operating Revenues	34,869,702	11,923,253	46,792,955
OPERATING EXPENDITURES:			
Goods and Services	5,091,427	1,894,714	6,986,141
Toll Operator Contract	1,602,097	0	1,602,097
Insurance	803,841	302,781	1,106,622
Credit Card and Bank Fees	196,108	13,630	209,738
Washington State Patrol	613,615	374,379	987,994
Other	3,291	1,126	4,417
Equipment Rental	961	4,310	5,271
Capital Outlay	292,233	104,317	396,550
Salaries and Benefits	179,719	49,874	229,593
Infrastructure Maintenance & Preservation	8,581,000	2,603,131	11,184,131
Total Operating Expenditures	28,295,141	9,220,002	37,515,143
EXCESS OF OPERATING REVENUE OVER EXPENDITURES			12,277,812
NONOPERATING INCOME (EXPENDITURES)			
Prior Period Recoveries	14	15,832	1,500
Undistributed Receipts/Suspense	15	(71,340)	71,340
Interest Income	16	301,372	110,007
Capital Improvement Outlays	17	(817,146)	(26,111)
Total Nonoperating Income (Expenditures)		28,812,886	2,383,486
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			14,891,298
OTHER FINANCING SOURCES (USES)			
Operating Transfers Out	18	(27,884,841)	(7,919,094)
Total Other Financing Sources (Uses)		(27,884,841)	(7,919,094)
NET CHANGE IN FUND BALANCE			6,972,204
FUND BALANCE - BEGINNING			18,000,128
FUND BALANCE - ENDING			24,972,332

Toll Financial Statements were prepared in accordance with Generally Accepted Accounting Principles for governmental type funds.
*The Financial Statements are marked draft as the states books are not officially closed each fiscal year until the State Auditor issues his report and the Office of Financial Management publishes the Comprehensive Annual Financial Report (CAFR) in December.

Original Prepared September 15, 2010
by the Division of Accounting and Financial Services

THE TACOMA NARROWS BRIDGE ACCOUNT (FUND 511)
WASHINGTON STATE
DEPARTMENT OF TRANSPORTATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
State Fiscal Year 2010, Quarter Ended June 30, 2010 - DRAFT*

The note disclosures are an integral part of these financial statements and should be considered in conjunction with the financial statements.

Notes:

- Tolling Revenue represents the money collected, net of any adjustments, from vehicles traveling over the Tacoma Narrows Bridge in an eastbound direction. Tolls are collected either at a toll booth or via an electronic toll collection system.
- Violation Penalty Revenue is collected by the Pierce County court system and forwarded to WSDOT for the penalty amount. Three times the cash toll for a standard passenger car and is collected in accordance with RCW 46.63.1000.
- Transponder Sales represents the sale of transponder devices purchased by potential Go to Go electronic toll account customers.
- Miscellaneous Revenue includes administrative fees, NSF check fees, and cash over/short. Also included in miscellaneous revenue is a cash payment of \$2,300 related to a sale of surplus property on a real property sold for \$21,101 and the contract runs for 10 years at an interest rate of 6%.
- Toll Operator Contract expenditures are for contract payments to the TNB third party operator, TransCom, for services provided in collecting tolls and managing electronic toll accounts.
- TNB makes semiannual property insurance payments to the Risk Management Division of the Office of Financial Management. The Office of Financial Management maintains the TNB's commercial property insurance policy and bills TNB typically twice per year.
- Credit card fees include processing fees paid to Bank of America Merchant Services for Visa and MasterCard processing, American Express, and Discover. Included are bank fees for bank account processing.
- The Washington State Patrol supports toll violation activity at the TNB. The Patrol validates automobile other information and submits citations to the Pierce County District Court for processing.
- Other Goods and Services expenditures represent purchases of supplies, rent, repairs, printing, communication, and services provided by outside vendors, as well as the cost of sales for transponder devices. Year-to-date expenditures in the Other Goods and Services category are comprised of the following:

Technical Services	\$ 240,450
Supplies	\$ 1,219
Cost of Transponders	\$ 400,400
Communications	\$ 28,614
Repair	\$ 19,041
Printing	\$ 7,888
Rentals	\$ 74,388
Purchased Services	\$ 6,025
Late Fees	\$ 39
	\$ 887,993
- Equipment Rental represents the rental charge for the vehicle that Toll Operations rents from the WSDOT equipment fund.
- Capital Outlays includes equipment purchased for use in TNB operations.
- Salaries and Benefits includes staff within WSDOT who support TNB operations.
- Infrastructure Maintenance & Preservation includes the cost of maintenance and bridge preservation activities on the new Tacoma Narrows Bridge not performed by TNB Toll Operations staff. (These costs include Goods and Services of \$60,706, WSDOT equipment fund vehicle rental of \$67, and Salaries and Benefits of \$156,817.)
- Prior Period Recoveries include a \$1,000 liquidation of an estimated accrual related to 2009 fiscal year items, and the balance pertains to a movement of inventory expenditures to HOT Lanes related to 2009.
- Undistributed Receipts includes all suspense revenue. This includes suspense of cash toll revenue that periodically reclassified to the appropriate revenue source or expense item. This source is cleared to zero at the end of each year.
- Interest Income is a proportionate share of earnings from investments based upon the TNB account's average daily cash balance for the period. Interest also includes TNB's proportionate share of the Central Toll Account interest. TNB's share of the Central Toll Account interest was \$10,061 for the quarter.

Operating Transfers Out is a transfer of toll proceeds and cash from the TNB Account to the Highway Bond Retirement Account to facilitate the payment of debt service.

Original Prepared September 15, 2010
by the Division of Accounting and Financial Services

Note: See attached handouts or visit:
www.wsdot.wa.gov/Tolling/TNBTolling/FinancialInformation

TNB Citizen Advisory Committee

- **Oct. 6 meeting recap**
 - Commissioner Dan O’Neal, Executive Director Reema Griffith
- **Questions and concerns raised by the Citizen Advisory Committee**
 - Benefits of photo tolling for Tacoma Narrows Bridge.
 - Is photo tolling mandatory for Tacoma Narrows Bridge?
 - Will revenue from Tacoma Narrows Bridge be used to subsidize SR 520?
 - Effects of photo tolling on Tacoma Narrows Bridge revenue.

October 6 Citizen Advisory Meeting Recap

- Transportation Commissioner Dan O'Neal
- Transportation Commission Executive Director Reema Griffith

Questions and Concerns Raised by the Citizen Advisory Committee

- Benefits of photo tolling for Tacoma Narrows Bridge.
- Is photo tolling mandatory for Tacoma Narrows Bridge?
- Will revenue from Tacoma Narrows Bridge be used to subsidize SR 520?
- Effects of photo tolling on Tacoma Narrows Bridge revenue.

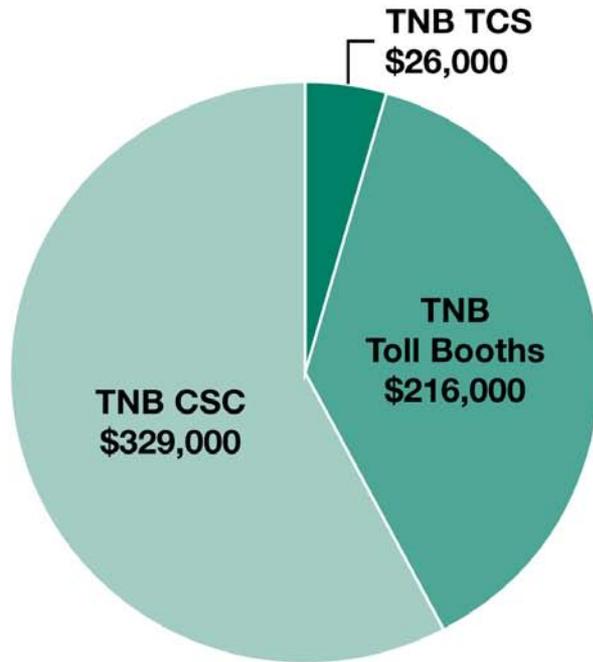
Benefits of photo tolling on Tacoma Narrows Bridge

Why provide photo tolling as an option?

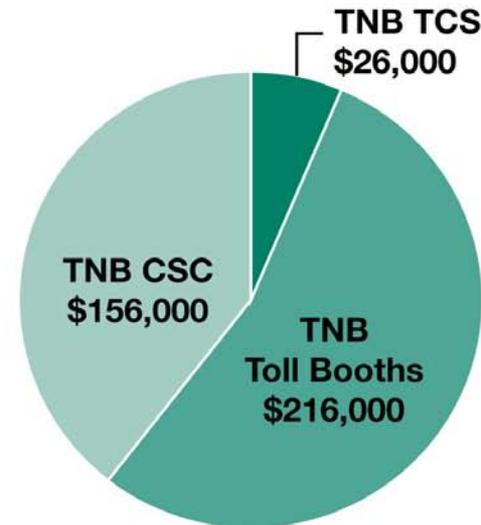
- One process and one vendor results in a projected \$1.5 to \$2 million annual savings in operations for Tacoma Narrows Bridge
- Allows for multiple payment options that are consistent with other state-wide toll facilities
- Under RCW 47.56.030, WSDOT has an obligation to:
 - “Utilize and administer toll collection systems that are simple, unified and interoperable.”
 - “Set statewide standards and protocols for all toll facilities within the state.”
- Everyone benefits with consistency among toll facilities
 - Processes are streamlined and save money
 - Driver confusion and frustration reduced

Benefits of Photo Tolling on Tacoma Narrows Bridge

CURRENT: July 2010 Monthly Cost



PROJECTED: July 2011 Monthly Cost



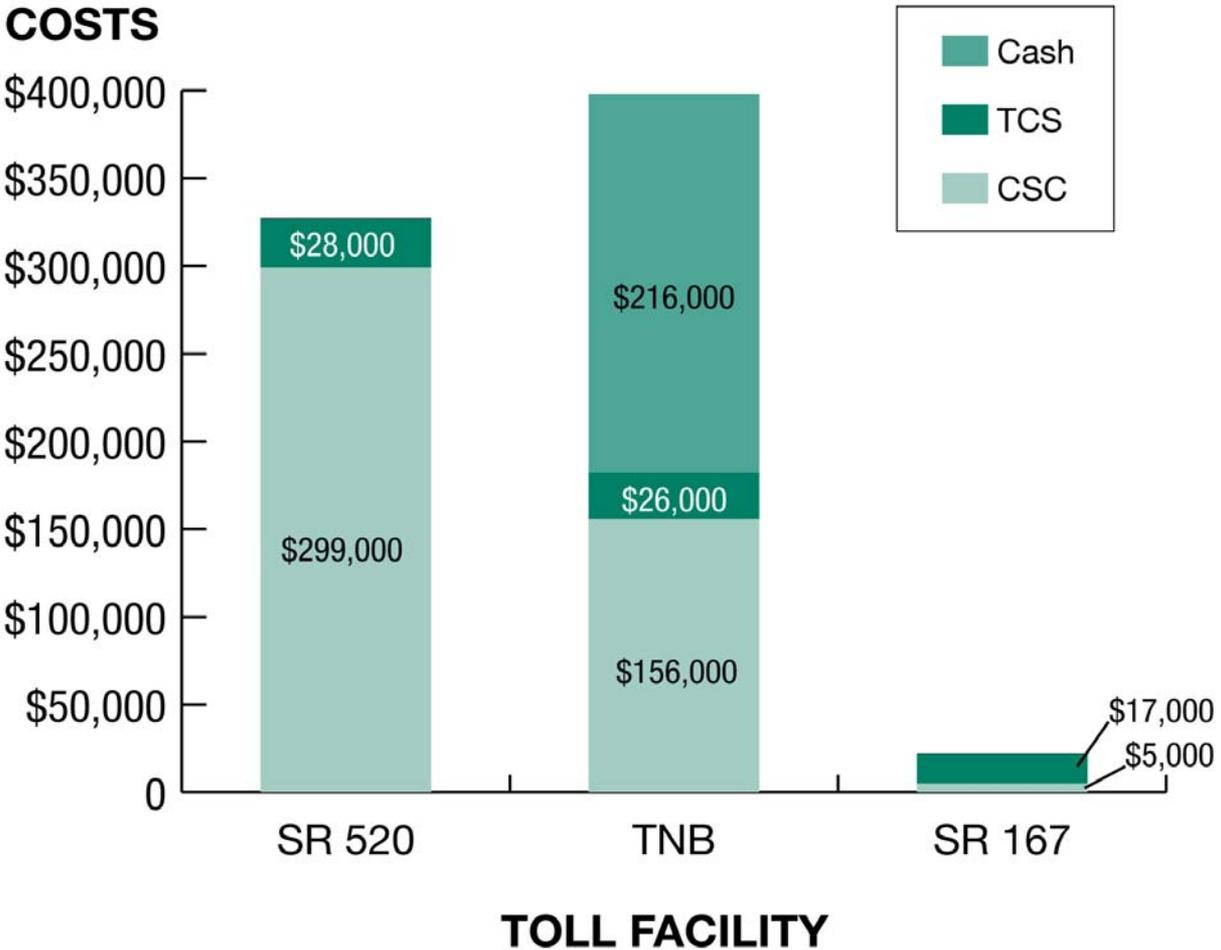
**PRELIMINARY PROJECTED
REDUCTION: \$1.5 – \$2 MILLION**

TCS, Toll Collection System includes toll lane equipment, readers, controllers, cameras, classification system. The most important function of the TCS is to correctly identify and apply the correct toll to every vehicle in the toll lanes. The accuracy standard for the TCS system is greater than 99%.

CSC, Customer Service Center includes all systems and equipment necessary to record tolls, manage customer accounts, bill Photo Toll customers and accurately account and report on toll collection. CSC also includes staff necessary to operate and maintain the CSC system(s).

Benefits of Photo Tolling on Tacoma Narrows Bridge

Preliminary Projected 2011 Toll Collection Costs



Note: projected toll collection costs based on daily transactions/facility:
SR 520: based upon assumption of 90,000; Tacoma Narrows Bridge: 40,000; SR 167: 4,000.

Benefits of Photo Tolling on Tacoma Narrows Bridge

What happens if there is no photo tolling option on the Tacoma Narrows Bridge?

- Drivers who use photo tolling on other state facilities expect same options on Tacoma Narrows Bridge. This could result in:
 - An increase in potential violators and toll payment delays
 - Increase in appeals, dismissals or non-payment
- Transactions on SR 520 and TNB would need to be processed differently.
- Enforcement may not be possible.
- If current process is retained, a separate source of funds may need to be identified for the repayment of the motor vehicle fund loan.

Is Photo Tolling Mandatory for Tacoma Narrows Bridge?

Photo Toll Definitions - (RCW 47.46.020)

- “Photo toll means a charge associated with a particular vehicle that can only be identified by its license plate.”
- “Photo toll may be paid through one of the following methods:
 - A customer-initiated account that is prepaid or postpaid.
 - In response to a toll bill that is sent to the registered owner of vehicle incurring the photo toll charge. The toll bill may designate a toll payment due date for the photo toll assessed.”

Is Photo Tolling Mandatory for Tacoma Narrows Bridge?

Toll Collection Provisions - (RCW 47.46.105)

- “A toll collection system may include, but is not limited to, electronic toll collection and photo tolling.”
- Tolls may be collected and paid by the following methods:
 - An electronic toll through an electronic toll collection account;
 - A photo toll either through a customer-initiated payment or in response to a toll bill; or
 - Cash on toll facilities that have a manual cash collection system.
- “Failure to pay a photo toll by the toll payment due date is a violation for which a civil penalty may be issued under RCW 46.63.160.”

Is Photo Tolling Mandatory for Tacoma Narrows Bridge?

Penalty Provisions for Failure to Pay a Toll

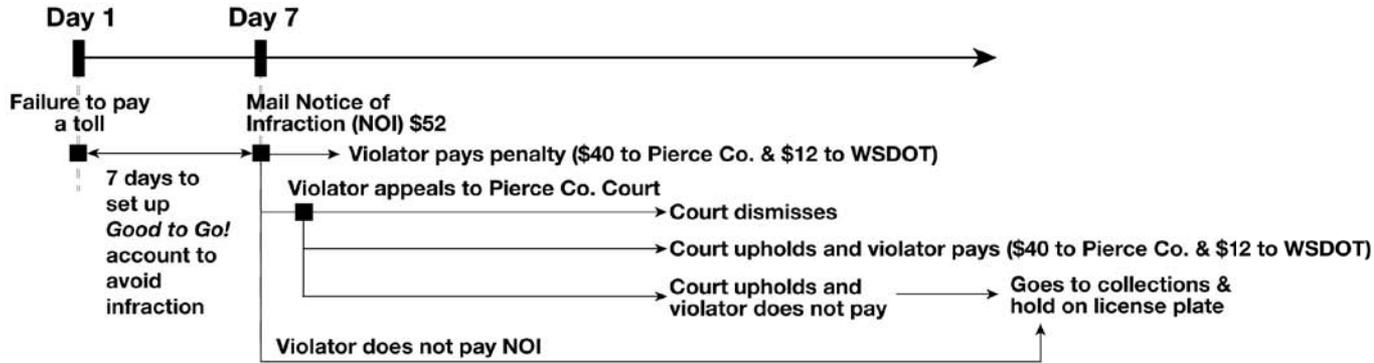
- Current authorization to issue a traffic infraction for a toll violation through a photo enforcement system is removed. (RCW 46.63.030)
- “A notice of civil penalty may be issued by the Department of Transportation when a toll is assessed through the use of a photo toll system and the toll is not paid by the toll payment due date, which is 80 days from the date the vehicle uses the toll facility and incurs the toll charge.” (RCW 46.63.160, subsection 3)
- “Any registered owner of a vehicle traveling upon a toll facility operated under chapter 47.56 or 47.46 RCW is subject to a civil penalty governed by the administrative procedures set forth in this section when the vehicle incurs a toll charge and the toll is not paid by the toll payment due date, which is eighty days from the date the vehicle uses the facility and incurs the toll charge.” (RCW 46.63.160, subsection 4)

Is Photo Tolling Mandatory for Tacoma Narrows Bridge?

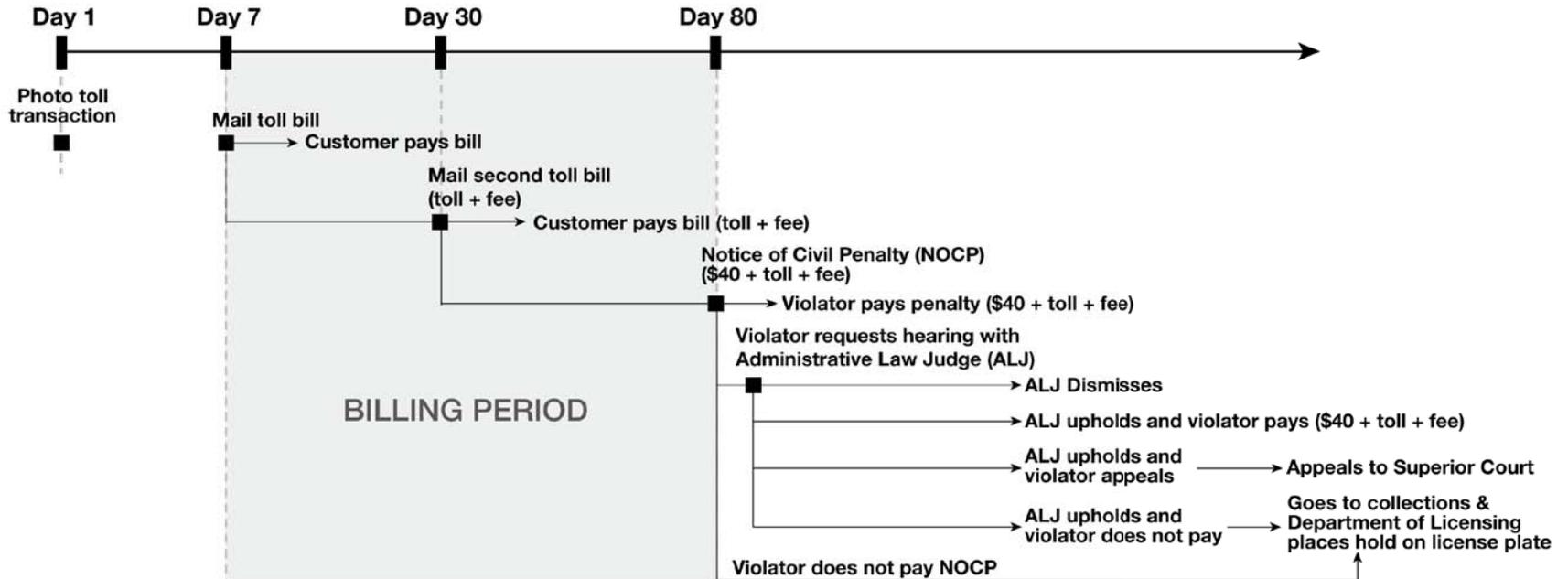
Additional Penalty Provisions

- “Civil penalties for toll nonpayment detected through the use of photo toll systems must be issued to the registered owner of the vehicle identified by the photo toll system.....” (RCW 46.63.160, subsection 7)
- All civil penalties must be deposited into the toll facility account of the facility on which the toll was assessed. Beginning July 1, 2011, civil penalties deposited in the Tacoma Narrows Bridge account must first be allocated toward repayment of loans from the motor vehicle account. (RCW 46.63.160, subsection 9)
- Notice of Infraction/Notice of Civil Penalty Comparison (see graphic on next slide)

Current Infraction Process



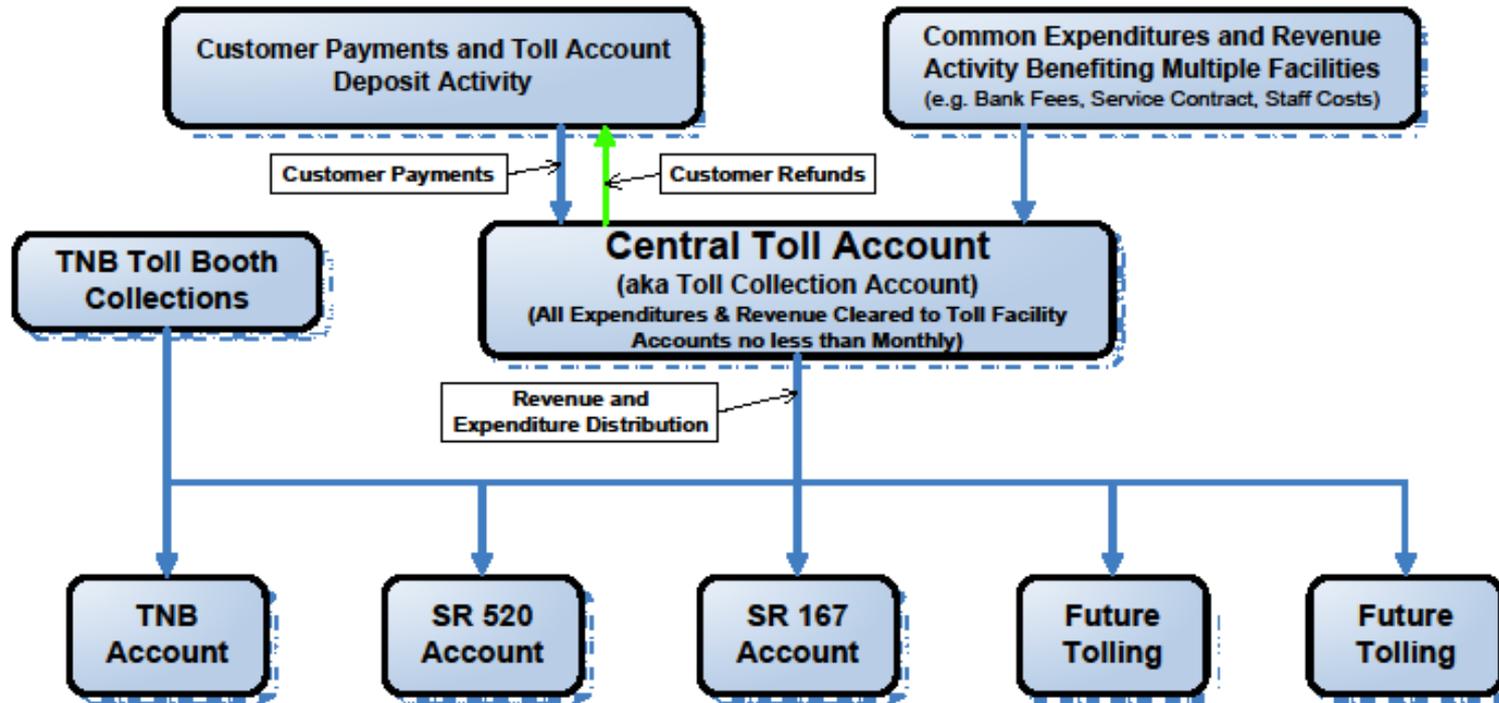
Billing & Civil Penalty Process



Will Revenue from Tacoma Narrows Bridge Be Used to subsidize SR 520?

- Statewide Tolling – Account Structure (see graphic on next slide)

Statewide Tolling – Account Structure



Notes

- The Central Toll Account maintains all customer deposits.
- Customer use of toll facilities results in recording of revenue directly in the applicable toll facility on a daily basis. In this circumstance, there is no "distribution" as the toll is a known amount for a specific facility.
- TNB toll booth collections will continue to be deposited directly to the TNB account.
- Common expenditures and revenue (e.g., non-facility specific toll operations costs, interest, credit card fees, etc.) are pooled in the central toll account and distributed no less than monthly based on equitable distribution methods.
- Equitable distribution methods are being developed in collaboration with the State Office of Financial Management. We anticipate methods to be developed and implemented by January 2011, coinciding with implementation of the new Customer Service Center.

Effects of Photo Tolling on Tacoma Narrows Bridge Net Revenue

- **CAC expressed concern over proposed Pay By Mail toll rate of \$4.25**
 - WSDOT is examining corridor specific costs for Tacoma Narrows Bridge to determine if a separate route differential is appropriate.
- **CAC concerned with Pay By Mail unreadable license plate (leakage) estimate of 10%**
 - WSDOT is compiling TNB leakage data and examples from other tolling facilities nationwide.

Proposed Rule Making Schedules for Tacoma Narrows Bridge and SR 520

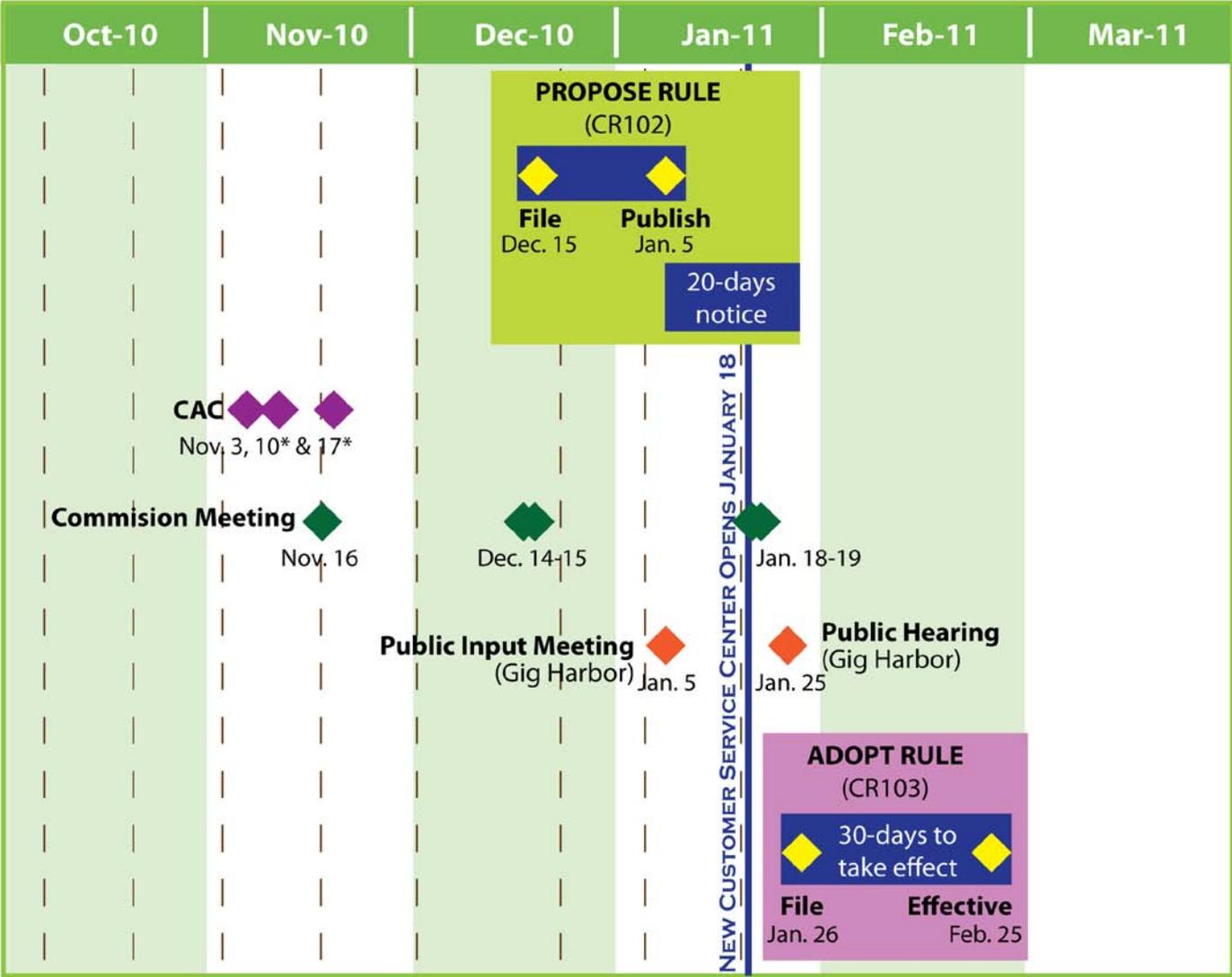
- **WSDOT WAC**

- Toll Rules and Adjudication planned for fall 2010

- **Commission WAC**

- Schedules for TNB/SR 520 (next slides)

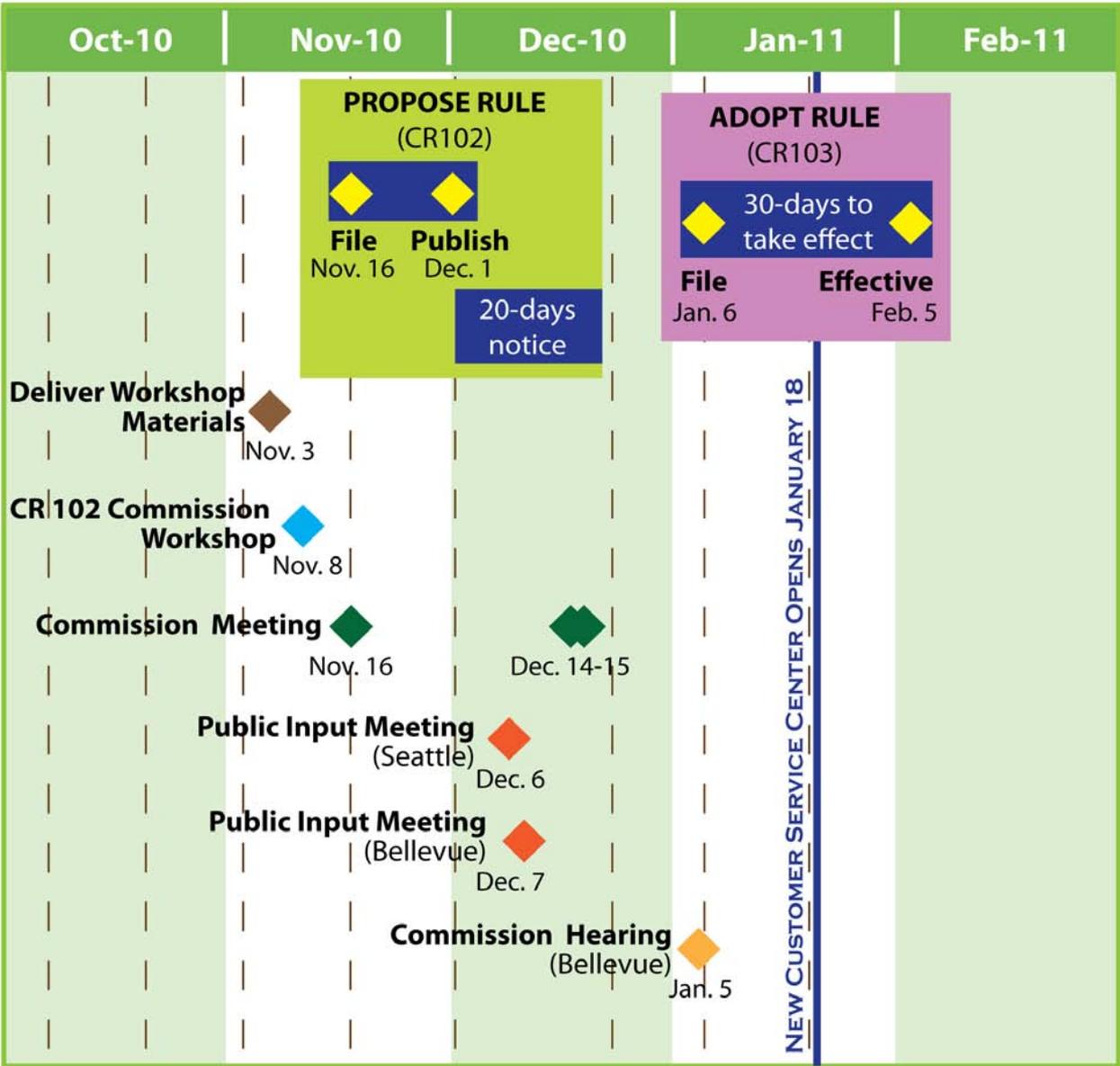
Proposed TNB Rule Making Schedule



— — — Washington State Register filing dates

* If needed

Proposed SR 520 Rule Making Schedule



— — — Washington State Register filing dates

New Transponder Pass Technology

New Transponder Pass Technology

- **Current Transponder Pass Technology**
 - eGo Plus & CVISN
 - Proprietary technology
 - Limited transponder options
 - Higher Cost
- **2010 Legislative Direction**
 - RCW 46.63.160 – “...an open standard for automatic vehicle identification transponders used for electronic toll collection...”
 - “...allows for multiple vendors providing electronic payment devices or transponders as technology permits...”
- **ISO 18000 (6C)**
 - International use (Uruguay, Columbia, Brazil, Bahamas and India)
 - National use (Utah and Georgia in 2011)
 - Open Standard
- **Sirit 6C**
 - More transponder options
 - Lowest Cost

New Transponder Pass Technology

- Sticker Pass



- Moveable Passes



- Specialty Passes



New Transponder Pass Incentive – SR 520

- **Start up Incentive Recommendation**

- \$10 in free tolls on the SR 520 bridge when a new account is established within given time frame.
- \$10 free tolls applied per transponder, maximum incentive \$60/account.
- Valid for individual registered accounts only (not valid for registered commercial or registered license plate).
- Transponders will be available online, at the CSCs, from Mobile Units and retailers.

- **Why \$10**

- 2009 telephone survey found that offering buy-one, get-one-free transponder passes and free tolls were the top motivators to encourage transponder pass purchases.
- \$10 is minimum amount that would push customers to early adoption.

New Transponder Pass Incentive – SR 520

- **Special Groups Incentive Recommendation**

- Promotional incentive for discounted passes for large groups that partner with *Good To Go!* to promote the program to their members, employees, customers, or clients.
- Incentive offered to special groups targeted as part of the promotions outreach effort (e.g. major employers, 5th Avenue Theatre Season Ticket Holders and key community groups).
- 20% off the price of a transponder valid through the CSC and mobile CSC locations and online for a set period of time.
- Targeted outreach provides cost savings for transponder distribution, marketing and advertising.

- **Why Special Groups Incentive?**

- Promotional partnerships provide education, outreach and sales opportunities to major employers and community groups through networks, publications and announcements.
- Provides outreach to large audiences without requiring WSDOT resources.
- Encourages early sign-ups.

Questions?

For more information,
please contact

Jennifer Ziegler

Toll Division Government Relations and
Communications Director

at

206-464-1194, or ZiegleJ@wsdot.wa.gov.



Washington State
Department of Transportation