

Tacoma Narrows Bridge Update

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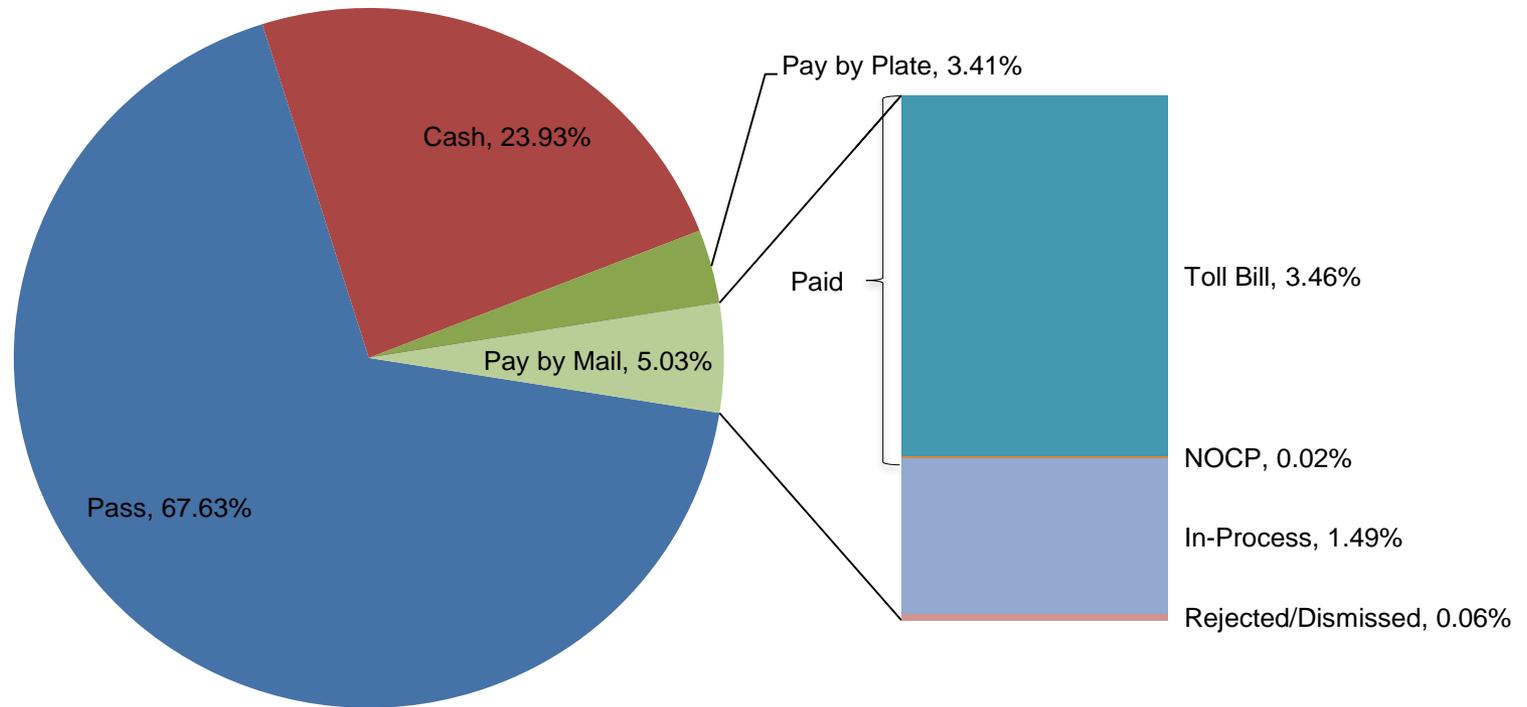
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Washington State Transportation Commission
October 17, 2012

Photo Tolling Began Dec 3, 2011

- TNB customers who don't pay using cash or a transponder are no longer "violators"
- Three new payment options:
 - **Good To Go! Pay By Plate:** Customers can open a *Good To Go!* account without using a transponder and have tolls assessed by reading their license plate. There is a 25 cent fee per transaction for processing.
 - **Good To Go! Short Term Account:** Customers can open a short term account for up to 10 days. This account must be created within 72 hours after crossing to receive a 50 cent discount off the Pay By Mail rate.
 - **Pay By Mail:** Customers without an account and who don't initiate payment will be sent a bill. The Pay By Mail rate is currently \$2.00 higher than the *Good to Go!* pass rate.

TNB Payment Methods FY 2012 Q4



Source: GTC query Transaction Counts by Payment Category April-June 2012

- **10 months of photo-tolling experience**
- **Approximately 98.5% of transactions are paid, the remaining 1.5% will be pursued through DOL holds and collections**

New Enforcement Process

- **Notice of Infraction (NOI) process ended on Dec. 2, 2011**
- **The Civil Penalty process began on Dec. 3, 2011**
- **First NOCP issued April 9, 2012**
- **First written hearings held April 19, 2012**
- **First in-person hearings held May 4, 2012**

TNB Photo Billing Program Update

- Approximately 98% of tolls are collected prior to Civil Penalty phase¹
- WSDOT is issuing approximately 50% fewer toll bills than estimated in June 2010^{1, 2}
- Collection rate on toll bills is 35% lower than estimated in June 2010^{1, 2}
- WSDOT is issuing approximately 60% fewer NOCPs than estimated in June 2010^{1, 2}
- WSDOT is collecting approximately 25% of the NOCP revenue estimated in June 2010^{1, 2}

1) Source: FY 2012/2013 Photo Toll/NOCP results

2) Source: FY 2011/2013 Budget Decision Packages

Preliminary TNB Civil Penalty Statistics

	FY 2012 Q4	FY 2013 Q1
Number of civil penalty transactions issued	21,142	21,002
Number of civil penalty transactions paid upon receipt of NOCP ²	1,171	982
Number of civil penalty transactions adjudicated via a written dispute in lieu of hearing	476	639
Number of civil penalty transactions adjudicated via an in-person hearing	1,144	722
Number of civil penalty transactions which did not receive a response	18,351	18,659
Workload costs related to adjudicated transactions ³	\$98,000	\$82,000
Cost and effectiveness of debt Collection activities ⁴	N/A	N/A
Cash received related to \$40 civil penalty fee ^{5, 6}	\$46,400	\$91,640

1) FY 2013 Q1 figures are estimated as of 10/10/2012. Official numbers will be available on 10/31/2012

2) Represents payment received prior to the NOCP Due Date (23 days) and without an administrative hearing

3) Costs include: WSDOT Costs, ETCC support staff and system maintenance, OAH costs, security costs, consulting support

4) Debt Collection activities are anticipated to begin in two phases: DOL hold (Oct 2012) and outside collections (Mar 2013)

5) Revenues reported here represent cash received from NOCP penalty payments only rounded to the nearest \$40 increment due to partial payments

6) Financial statements report total revenues after NOCP recipient has been deemed "liable"

TNB 4th Quarter Traffic and Revenue

TNB Projected and Reported Traffic and Revenue

Traffic and Revenue Statistics for Fiscal Year 2012 - through June Fiscal Month Close

October 8, 2012

	Projected Traffic	Reported Traffic Revised	Variance	Projected Toll Revenue	Reported Toll Revenue	Variance	Reported Transponder Revenue	Reported Violation Revenue	Toll Vendor Contractual Damages	Civil Penalty Revenue	Reported Misc. Revenue	Total Reported Revenue
Jul-11	1,327,289	1,251,598	A (75,691)	\$ 4,132,771	\$ 2,282,968	B,C \$ (1,849,804)		\$ (24,647)			\$ 7,178	\$ 2,265,498
Aug-11	1,327,555	1,277,207	A (50,348)	\$ 4,148,176	\$ 2,549,713	B,C \$ (1,598,463)		\$ 24,647			\$ 327	\$ 2,574,687
Sep-11	1,112,957	1,183,275	A 70,318	\$ 3,480,599	\$ 6,955,171	B,C \$ 3,474,572	\$ 110,037				\$ 538	\$ 7,065,746
Oct-11	1,167,699	1,190,557	A 22,858	\$ 3,639,456	\$ 3,691,785	B \$ 52,329		\$ 4,830			\$ 7,031	\$ 3,703,646
Nov-11	1,103,680	1,111,361	A 7,701	\$ 3,427,979	\$ 3,465,026	B \$ 37,047		\$ 22,182			\$ 549	\$ 3,487,757
Dec-11	1,109,652	1,203,881	A 94,229	\$ 3,436,497	\$ 3,710,783	B \$ 274,286	\$ 65,828	\$ 19,354			\$ 20,549	\$ 3,816,514
Jan-12	1,095,642	1,008,003	A (87,639)	\$ 3,446,878	\$ 3,076,891	B \$ (370,186)	\$ 29,090	\$ 41,865			\$ 26,257	\$ 3,173,904
Feb-12	1,087,845	1,100,584	A 12,739	\$ 3,420,201	\$ 3,377,341	B \$ (42,860)	\$ 29,005	\$ 16,922	\$ 3,027		\$ 23,615	\$ 3,449,909
Mar-12	1,210,114	1,162,409	A (47,705)	\$ 3,805,096	\$ 3,637,619	B \$ (167,476)	\$ 28,311	\$ 7,221			\$ 206,258	\$ 3,879,410
Apr-12	1,155,271	1,141,864	A (13,407)	\$ 3,632,624	\$ 3,603,695	B \$ (28,929)	\$ 28,339	\$ 6,792	\$ 7,377	\$ 5,244	\$ 31,975	\$ 3,683,422
May-12	1,214,234	1,228,455	A 14,221	\$ 3,841,534	\$ 3,857,069	B \$ 15,535	\$ 31,237	\$ 3,448	\$ 325	\$ 200,754	\$ 29,189	\$ 4,122,022
Jun-12	1,228,113	1,207,735	A (20,378)	\$ 3,876,417	\$ 3,895,375	B \$ 18,958	\$ 30,679	\$ 8,204	\$ 1,451,180	\$ 278,506	\$ 17,989	\$ 5,681,933
FY To Date	14,140,031	14,066,929	(73,102)	\$ 44,288,226	\$ 44,103,236	\$ (184,991)	\$ 352,525	\$ 130,818	\$ 1,461,909	\$ 484,505	\$ 371,455	\$ 46,904,447
FY Totals	14,140,031	14,066,929	(73,102)	\$ 44,288,226	\$ 44,103,236	\$ (184,991)	\$ 352,525	\$ 130,818	\$ 1,461,909	\$ 484,505	\$ 371,455	\$ 46,904,447

Notes:

A = Reported Traffic - While we are not aware of any material discrepancies on traffic counts for 9FY12, key ETCC reconciliations have not been completed. Final transaction counts will not be known until reconciliations are complete.

In December 2011, due to changes in the ETCC system, the source and process used to derive the transaction counts changed from submitted reconciliations to ETCC generated system queries. Those system queries modified the underlying methodology and resulted in the transaction counts following the fiscal month cut-off instead of the transaction date. The column labeled Reported Traffic-Revised restates the Transaction Counts using the original methodology of Lane Transaction Date.

As of 9/19/12, there are more than 100,000 estimated transactions still in process for the December - June time frame. These transactions are waiting for their final disposition within the ETCC system. If some or all of these transactions are dismissed (not viable), the traffic count for the applicable month will decrease by the associated quantity.

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.

The 100,000 estimated transactions still in process for the December - June time period correspond to \$434k in revenue that was not recognized in the accounting records during 9FY12. This revenue was not recognized given the uncertainty of these transactions reaching a disposition within the system that would correspond with revenue recognition. When these transactions process through the ETCC system to their final disposition, the appropriate amount of revenue will be recognized in the subsequent fiscal period for any transactions that are not dismissed.

C = Revenue - for months of July and August was understated due to transactions that failed to process within the WSDOT financial system. Upon identifying the transactions were on the WSDOT financial system error file, they were processed in the September 2011. Processes have been put in place to ensure this daily transaction processing validation takes place on daily.

Forecast Details:

July and August 2011 Projected Traffic and Projected Toll Revenue is based on the forecast adopted in June 2011
 September and October Projected Traffic and Projected Toll Revenue is based on the forecast adopted in September 2011
 November and December 2011 Projected Traffic and Projected Toll Revenue is based on the forecast adopted in November 2011
 January through June 2012 Projected Traffic and Projected Toll Revenue is based on the forecast adopted in February 2012.

TNB 4th Quarter Financials

THE TACOMA NARROWS BRIDGE ACCOUNT WASHINGTON STATE DEPARTMENT OF TRANSPORTATION

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE State Fiscal Year 2012, Quarter Ending June 30, 2012-DRAFT*

	NOTES	JULY THROUGH MARCH	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES:				
Tolling Revenue	1	32,747,097	11,356,138	44,103,235
Civil Penalty & NOCP Vendor Contractual Damages	2	0	484,505	484,505
Violation Penalty Revenue		112,375	18,443	130,818
Transponder Sales	3	262,271	90,254	352,525
Toll Vendor Contractual Damages	4	3,027	1,458,882	1,461,909
Toll Bill Reprocessing Fee	5	62,105	67,313	129,418
Interest Income		65,090	7,858	72,948
Miscellaneous	6	230,195	11,841	242,036
Undistributed Receipts/Suspense		(82,482)	82,463	0
Total Revenues	7	33,399,698	13,577,697	46,977,395
EXPENDITURES:				
Goods and Services				
Toll CSC Operations Vendor Contract		1,217,219	436,471	1,653,690
Toll Booth and Lane Vendor Contract		2,500,485	829,532	3,330,017
Insurance		1,486,315	0	1,486,315
Credit Card and Bank Fees		658,430	198,797	857,227
Transponder Cost of Goods Sold	8	194,177	59,910	254,088
Washington State Patrol		14,583	0	14,583
Other	9	131,402	71,715	203,117
Personal Service Contracts	10	221,744	244,519	466,263
Salaries and Benefits		388,376	138,875	527,251
Capital Outlay - Intangible Software Asset	11	10,447	1,335,482	1,345,929
Civil Penalty Adjudication Costs	12	40,393	360,656	401,050
Infrastructure Maintenance & Preservation	13	133,890	72,643	206,533
Total Expenditures		6,997,461	3,748,601	10,746,062
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		26,402,237	9,829,096	36,231,332
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out	14	(31,027,461)	(9,415,209)	(40,442,670)
Total Other Financing Sources (Uses)		(31,027,461)	(9,415,209)	(40,442,670)
NET CHANGE IN FUND BALANCE		(4,625,224)	413,887	(4,211,338)
FUND BALANCE - BEGINNING		8,123,673	3,498,449	8,123,673
FUND BALANCE - ENDING		3,498,449	3,912,335	3,912,335

Toll Financial Statements were prepared in accordance with Generally Accepted Accounting Principles for governmental fund types.

The notes to the financial statements are an integral part of this statement.

*The Financial Statements are marked "Draft" as the state's 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 November.

Combined 4th Quarter Financials

WASHINGTON TOLLING SYSTEM WASHINGTON STATE DEPARTMENT OF TRANSPORTATION

COMBINING BALANCE SHEET
State Fiscal Year 2012, Quarter Ending June 30, 2012-DRAFT*

	NOTE	TNB ACCOUNT	HOT LANES ACCOUNT	520 BRIDGE ACCOUNT	520 CIVIL PENALTY ACCOUNT	CENTRAL TOLL ACCOUNT	COMBINED
ASSETS							
Cash and Cash Equivalents		3,844,346	1,090,843	630,861,515	676,635	8,513,866	644,987,205
Cash Held with Escrow Agents				6,011,940			6,011,940
Accounts Receivable (net of allowance)	1	1,632,581	40,374	1,984,493	2,558,365	693,577	6,909,391
Due From Toll Vendor	2	1,106,785	39,986	849,039	68,930	26,285	2,091,024
Due from Other Funds/Agencies/Governments		372,954	12,910	3,185,637	47,760	752,280	4,371,542
Consumable Inventories	3					1,269,850	1,269,850
TOTAL ASSETS		6,956,666	1,184,114	642,892,624	3,351,690	11,255,858	665,640,952
LIABILITIES AND FUND BALANCE							
LIABILITIES:							
Accounts Payable		1,377,304	59,686	46,934,575	115,457	11,321	48,498,342
Retained Percentages Payable				6,662,717			6,662,717
Due to Other Governments		1,924		463,210	3,907		469,041
Due to Other Funds/Agencies		220,451	37,806	21,120,467	481,620	1,309,538	23,169,882
Due to Department of Revenue - Taxes				163		6,216	6,379
Deferred Revenue	4	1,441,941	39,986	849,039	1,146,417	9,913,381	13,390,764
Unclaimed Property Refund Liability	5					14,712	14,712
Liability for Cancelled Warrants	6	2,711		100		690	3,501
TOTAL LIABILITIES		3,044,332	137,478	76,030,271	1,747,401	11,255,858	92,215,339
FUND BALANCE:							
Nonspendable Consumable Inventories	3					1,269,850	1,269,850
Restricted for Unspent Bond Proceeds	7			29,588,816			29,588,816
Restricted for Operations and Maintenance	7			2,565,733			2,565,733
Restricted for Unspent GARVEE Bond Proceeds	7			517,394,950			517,394,950
Restricted for Transportation	7	3,912,335		17,312,854			21,225,188
Committed for Transportation	8		1,046,636		1,604,290		2,650,925
Unassigned						(1,269,850)	(1,269,850)
TOTAL FUND BALANCE:		3,912,335	1,046,636	566,862,353	1,604,290	0	573,425,613
TOTAL LIABILITIES AND FUND BALANCE		6,956,666	1,184,114	642,892,624	3,351,690	11,255,858	665,640,953

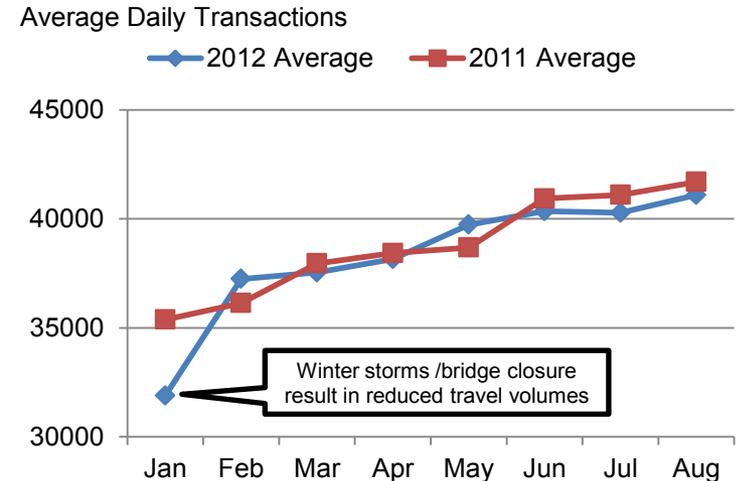
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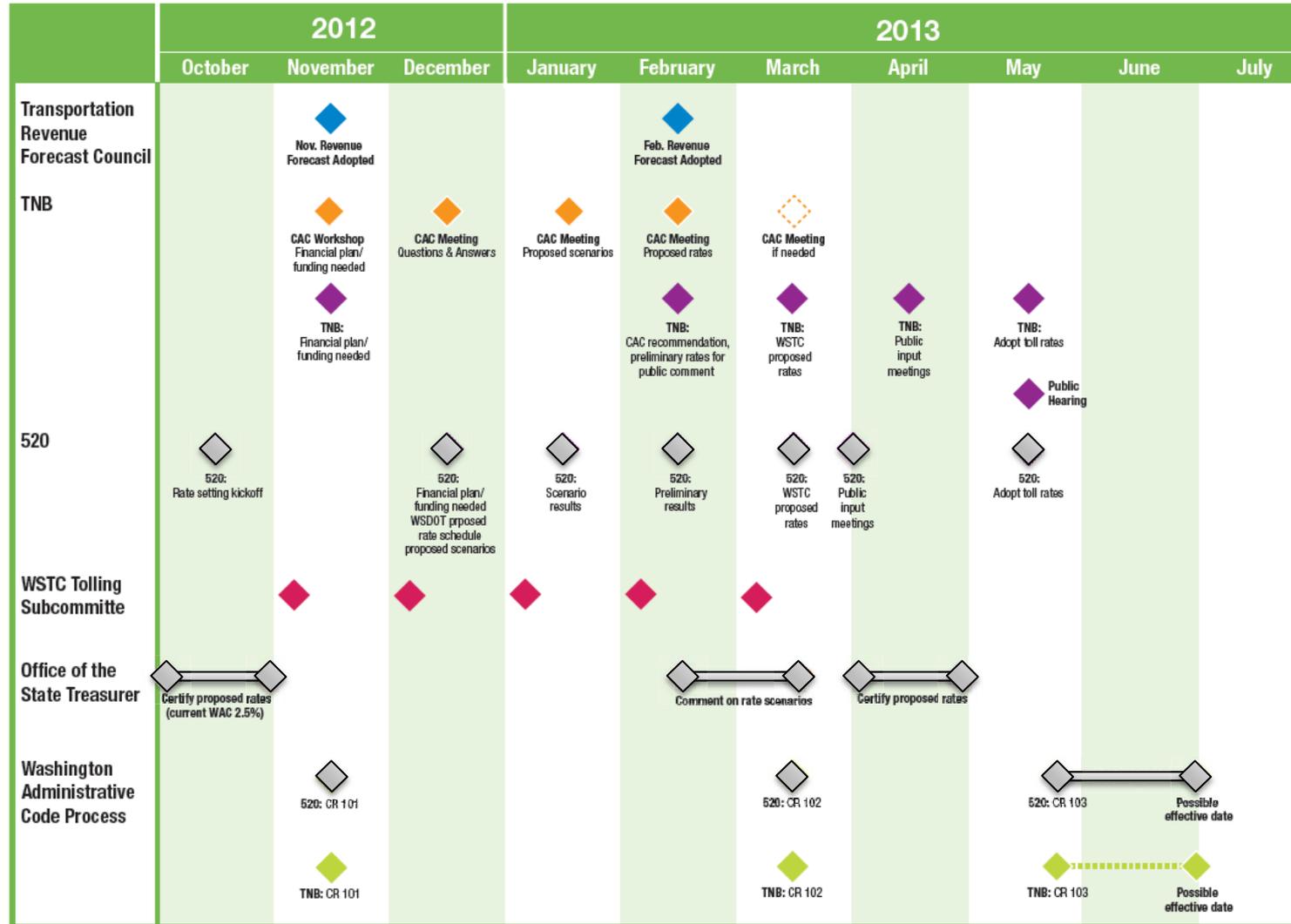
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Initial Response to the Rate Increase

- Since the July 1 rate increase, while it is very early, observed a 1.75% reduction in average daily transactions for July and August when compared to 2011
- Comparing Jan-Jun 2012 to Jul-Aug 2012:
 - Slight increase in daily average *Good To Go!* use (~0.1%)
 - Large increase in daily average cash payments and Photo Tolling use (~24.5% and ~34.8%)



DRAFT FY 2014 Rate Setting Schedule



Traffic and Revenue Forecasting

In FY 2013 CDM Smith is contracted to:

- **Monitor and update monthly traffic and revenue data**
- **Prepare baseline forecast to estimate future traffic and revenue**
- **Evaluate toll rate scenarios, develop baseline scenarios**
- **Develop alternative forecasts assuming**
 - “no change” in TNB traffic levels
 - “decline” in traffic following recent experience

Traffic and Revenue Forecasting

At the request of the Transportation Commission CDM Smith proposed to:

- **Conduct**
 - Origin-Destination Survey (last survey in 1996)
 - Stated-Preference Survey (last survey in 2000)
 - Independent Economic Assessment
- **Refine travel demand model**
- **Prepare technical memorandum**

Additional work estimated at \$340,000

Questions?