

Tacoma Narrows Bridge Citizen Advisory Committee Meeting Agenda

February 7, 2017 - 6 – 8 p.m.

Gig Harbor Civic Center
3510 Grandview St. | Gig Harbor, WA

TNB Citizen Advisory Committee:

Bruce Beckett, Gig Harbor (Chair) Ron Jones, Gig Harbor
Alan Weaver, Gig Harbor (Vice Chair) Michael Murphy, Gig Harbor
Randy Boss, Gig Harbor Jay Stricherz, University Place
Kathleen Harkins, Fircrest

AGENDA:

Call to order..... Bruce Beckett
Legislative update..... Bruce Beckett
Sufficient minimum balance presentation..... Carl See
CAC Deliberations CAC
 Sufficient minimum balance CAC
 Future planning..... CAC
Public Comment All
Adjourn All



Washington State
Transportation Commission



Tacoma Narrows Bridge Account

Sufficient Minimum Balance *Analysis & Recommendations*

TNB Citizen Advisory Committee

Carl See, WSTC Senior Financial Analyst

February 7, 2017



Intent of Analysis

- Assess risks to TNB Account's fund balance
- Determine impacts of changing current SMB
- Identify if lower SMB could provide toll rate relief
- Inform recommendations to Commission
 - Discussion with Legislature & CAC during 2017 session
 - Update to Commission's SMB policy
 - Rate setting options

What is the SMB?

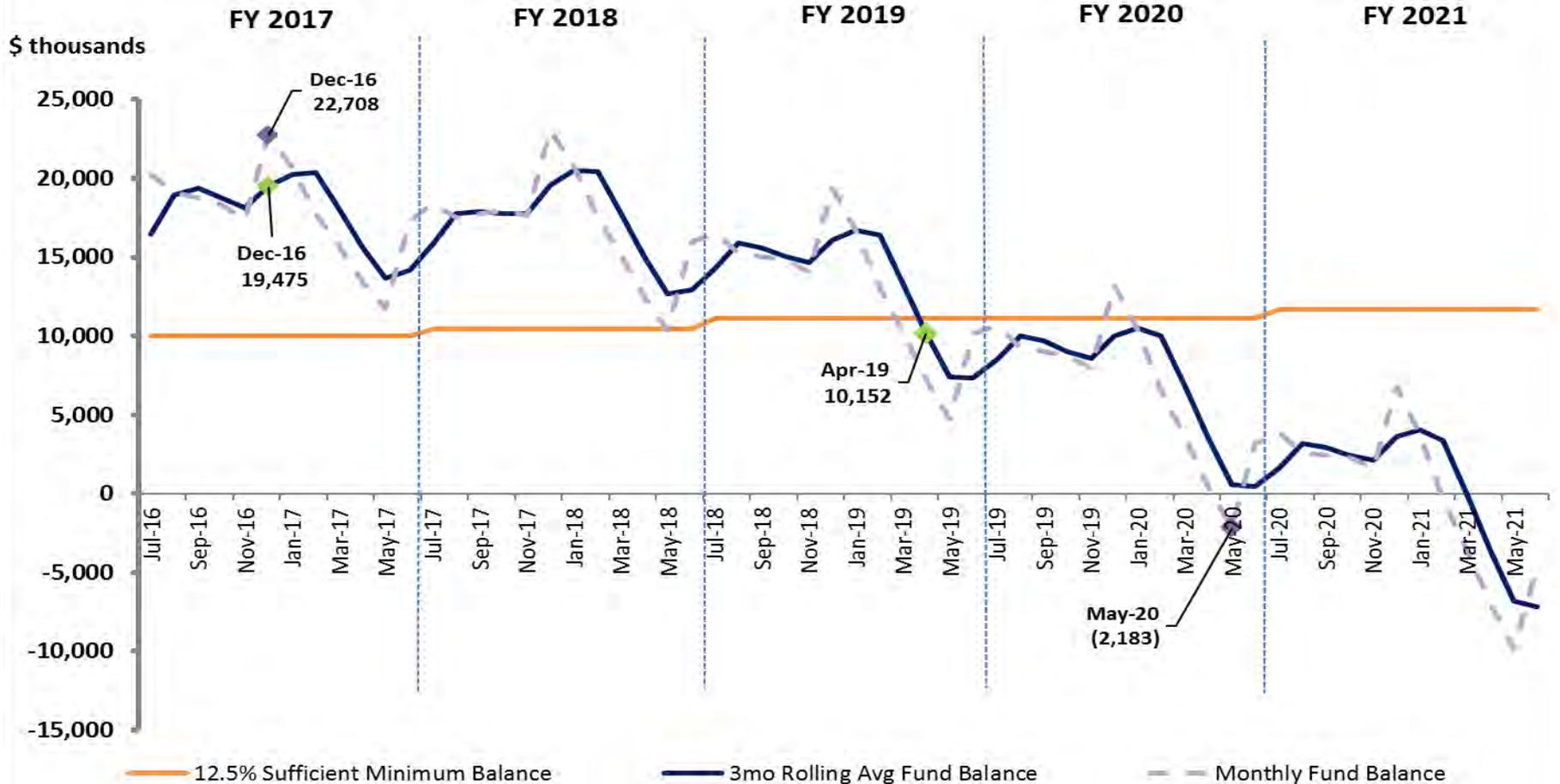
- The SMB is a target minimum fund balance
 - A tool to protect the TNB fund balance from going negative
 - Not an annual expenditure
 - Part of fund balance for TNB Account
- “Sufficiency Test”
 - Based on 3 month rolling average of TNB fund balance
 - For sufficiency test, TNB fund balance excludes TNB Civil Penalty Program revenues and expenses
- Current SMB value = about \$10m (FY 2017)
 - Set at 12.5% of working capital (~45 days)
 - Forecasted at \$10.4m for FY 2018

SMB History

- Commission implemented the SMB policy in March 2010, then updated it in February 2013.
- TNB Account's fund balance has once fallen below the SMB
 - February 2012
 - Commission addressed with FY 2013 rate setting
- Commission set the SMB rate with input from Office of the State Treasurer and Office of the Attorney General
 - SMB a reasonable interpretation of Commission's duty to set tolls at a level sufficient to pay annual expenditures (OAG)
 - Commission set rate lower than OST recommended

Tacoma Narrows Bridge - Current Toll Rate 3-month Rolling Average & Monthly Fund Balances* with 12.5% SMB

Based on November 2016 TNB Financial Plan



*Fund balances exclude TNB Civil Penalty Program revenue and expenses.



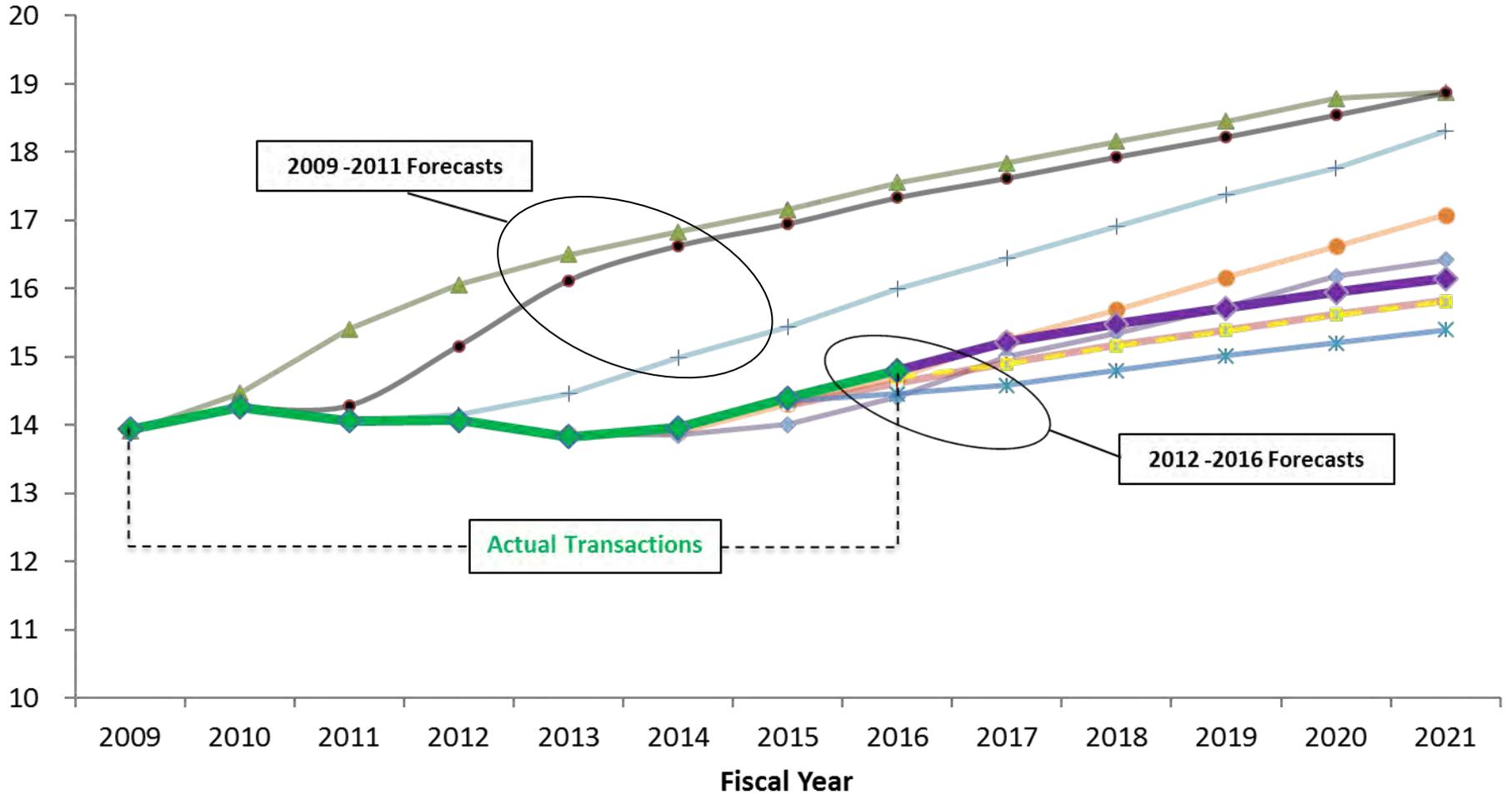
TNB Account Information

- Receives all revenue from the Tacoma Narrows Bridge tolls
- Toll revenue dedicated to covering costs of new (eastbound) bridge:
 - Debt service & fees (via Motor Vehicle Fund)
 - Renew & replacement for tolling and facility
 - Operations & maintenance for tolling and facility
 - Deferred sales tax (for payment in FY 2032)
- Ending fund balances for TNB operations:
 - FY 2016 (June 2016): \$17,346,000
 - FY 2017 (June 2017 – *projected*): \$17,327,000
 - *Civil Penalty Program revenue & expenses not included*
- No reserve account for the Tacoma Narrows Bridge

Assessing Risks: Forecasts

- Expenses
 - Debt service costs and schedule are fixed.
 - Deferred sales tax amount is fixed.
 - Legislature twice delayed repayment – now scheduled to begin in FY 2032.
 - WSDOT intends to complete repayment in 1 year, but may spread over 10 years.
 - Other costs are less certain.
 - Variable costs of repair and replacement projects
 - Estimated costs for renewal of contracted services
 - Changes in amount of shared system tolling costs
- Traffic & Revenue
 - 2009-2011: Forecasts exceeded actuals
 - Initial implementation
 - Economic “Great Recession”
 - 2012-Present: Actuals consistently meeting or exceeding forecasts

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



September 2009 Forecast	March 2011 Forecast	November 2011 Forecast	November 2012 Forecast
November 2013 Forecast	November 2014 Forecast	June 2015 Forecast	November 2015 Forecast
November 2016 Forecast	Actual Transactions		

Assessing Risks: Revenue Recovery

- SMB one of several tools to maintain or recover fund balance for the TNB Account
 - Option: Commission may take action to raise toll rates
 - Ineffective for addressing sudden loss of revenue because rate-setting process delays response and does not provide lump sum of new revenue
 - Not effective if tolled bridge fully closed
 - Change to rates further impacts rate payers and local businesses
 - Option: Address a negative monthly fund balance with a loan from the Motor Vehicle Account
 - Requires repayment from TNB Account revenue, with interest (variable rate)
 - No legislative or Commission action needed, but WSDOT considers it a last resort
 - Makes a poor impression with bond holders

Assessing Risks: Revenue Recovery

- SMB one of several tools to maintain or recover fund balance for the TNB Account
 - Option: Transfer (grant) of funds to TNB Account by Legislature
 - Unreliable for addressing sudden loss of revenue
 - Legislature not always in session and approval not assured.
 - The Legislature is not obligated to transfer funds to TNB Account
 - Option: Insurance for loss of toll revenue
 - Insurance coverage requires loss of toll revenue to result from physical damage
 - \$10 million loss of revenue deductible must be met before insurance payments
 - Insurer's approval process would further delay payments

Insurance Analysis - Summary

Insurance coverage requires loss of toll revenue to result from physical damage

Elements of Insurance	Risk to Fund Balance
Coverage: <ul style="list-style-type: none">• <i>Business Interruption (BI)</i>• <i>Contingent BI (CBI)</i>	Significant. No coverage for loss of revenue from recessions. Coverage requires loss of revenue from <u>physical damage</u> to or near bridge (within 5 miles).
Length of Coverage <ul style="list-style-type: none">• <i>BI: 365 days</i>• <i>CBI: 146 days</i>	Low. Length of coverage long enough to act on other revenue recovery options, if necessary (ex.: rate increase or fund transfer).
Coverage Limits <ul style="list-style-type: none">• <i>BI: Est. Adj. Annual Revenue</i>• <i>CBI: \$25 million</i>	Low. Coverage limits currently reflect anticipated revenue during the length of coverage.
Deductible <ul style="list-style-type: none">• <i>\$10 million</i>	Moderate (BI) – High (CBI). \$10 million equates to about 14% or 48 days of anticipated annual toll revenue (FY 2017).
Payments / Cash Flow <ul style="list-style-type: none">• <i>Reimbursements</i>	Moderate (BI) – High (CBI). Insurance payments would be delayed for deductible and insurer's approval process.

SMB Alternatives

- Four alternatives were assessed
- Based alternatives on risk assessment and input from Commission's Tolling Subcommittee
- Values based on Nov 2016 TNB Financial Plan

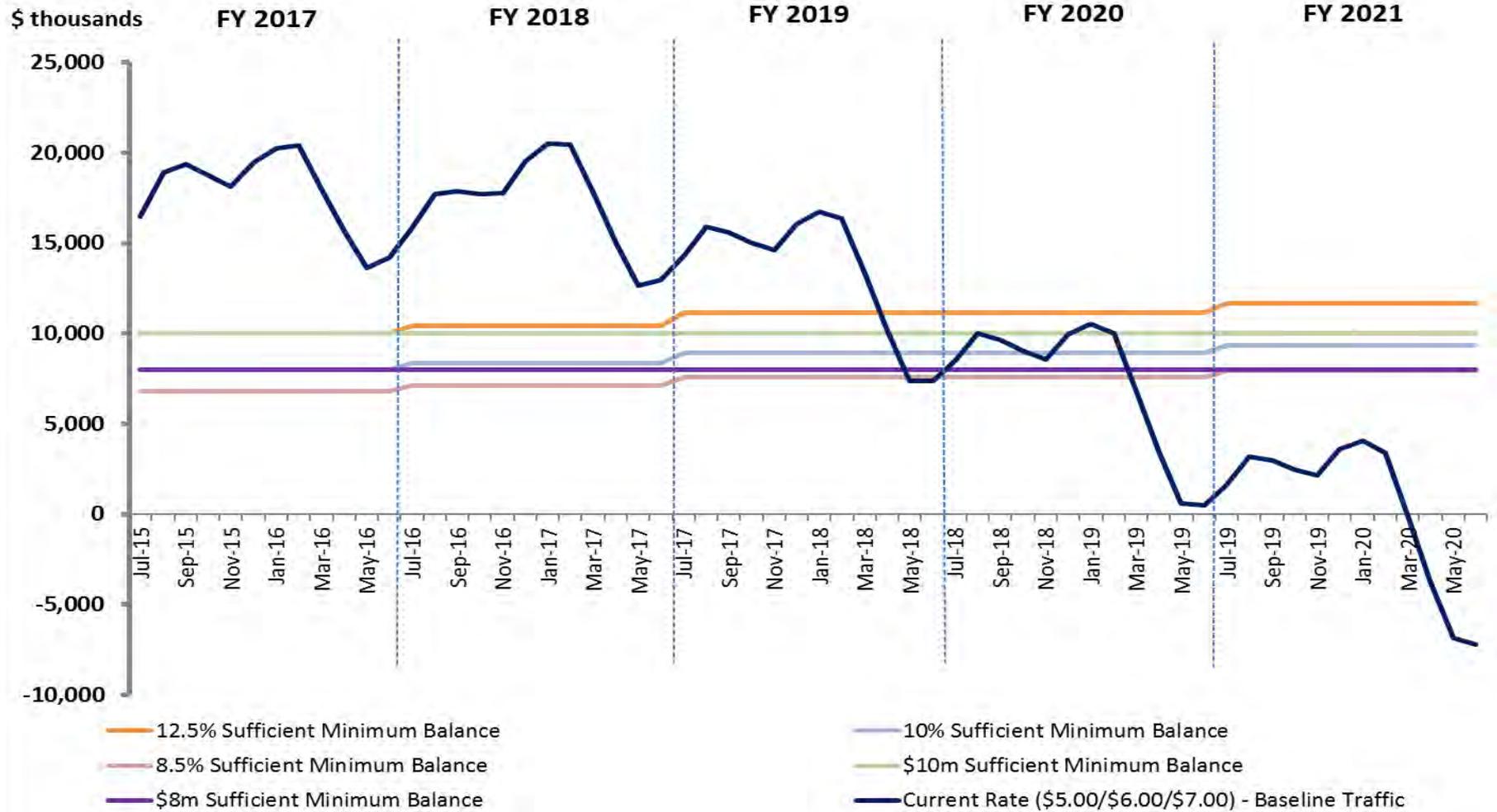
Alternative SMB Rates & Values

		SMB Value as % of Working Capital			SMB as Flat Value	
	Lowest Monthly Fund Balance	12.5% (~45 days)	10% (~36 days)	8.5% (~30 days)	\$10m	\$8m
FY 2018	\$ 10,406,000	\$ 10,438,000	\$ 8,350,000	\$ 7,098,000	\$ 10,000,000	\$ 8,000,000
FY 2019	\$ 4,744,000	\$ 11,138,000	\$ 8,911,000	\$ 7,574,000	\$ 10,000,000	\$ 8,000,000
FY 2020	\$ (2,183,000)	\$ 11,141,000	\$ 8,913,000	\$ 7,576,000	\$ 10,000,000	\$ 8,000,000
FY 2021	\$ (9,878,000)	\$ 11,682,000	\$ 9,345,000	\$ 7,944,000	\$ 10,000,000	\$ 8,000,000

Tacoma Narrows Bridge - Current Toll Rate

3-month Rolling Average Fund Balance for Alternative SMBs

Based on November 2016 TNB Financial Plan

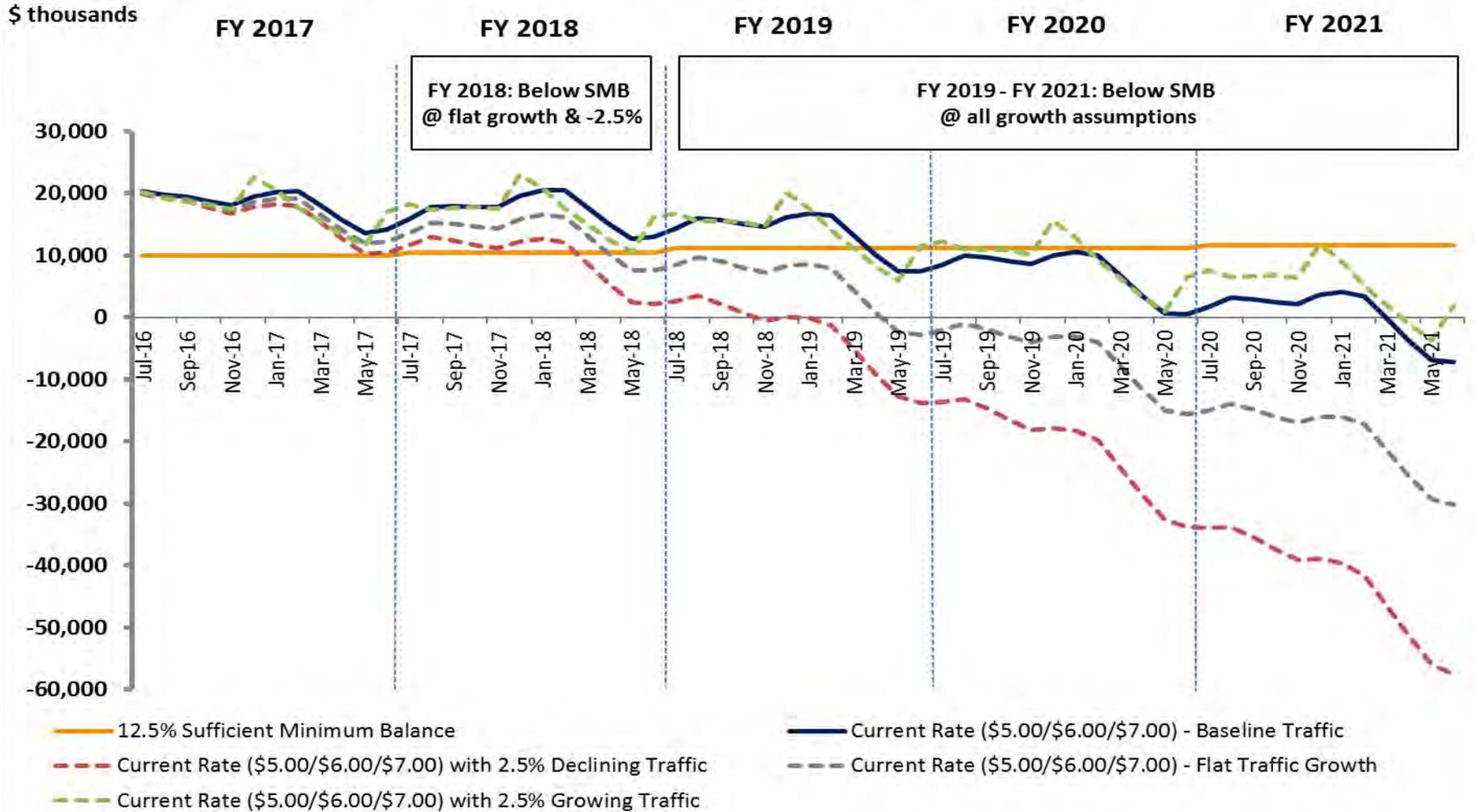


Alternative SMB Scenarios – Sensitivity Tests

- Tested fund balance with alternative transaction growth rates
 - Assesses likelihood of fund balance remaining above SMB
 - Most relates to possibility of economic recession
- Tested +/-2.5% annual growth & flat growth
 - Consistent with sensitivity tests used for prior toll rate settings
 - Traffic & revenue forecast tapers from 2.8% growth (FY 2017) to 1% in out years

FY	Traffic Volume	Percent Change
Actuals		
2015	14,391,928	3.1%
2016	14,800,360	2.8%
November 2016 Forecast		
2017	15,215,000	2.8%
2018	15,482,000	1.8%

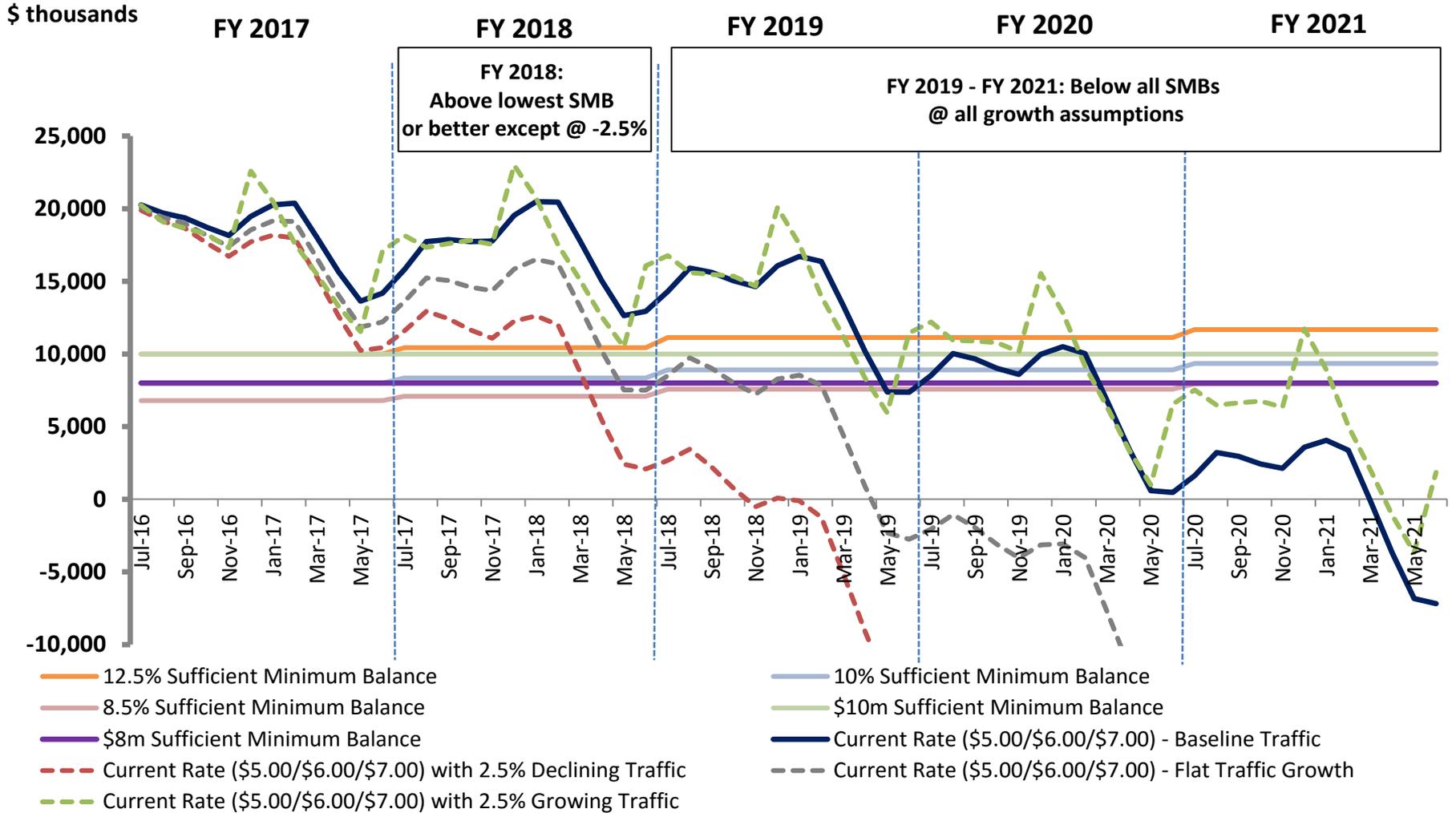
Tacoma Narrows Bridge - Current Toll Rate w/12.5% SMB 3-month Rolling Average Fund Balance for Alternative Growth Assumptions



* Expenses are assumed not to vary under the various sensitivity tests.

Tacoma Narrows Bridge - Current Toll Rate w/SMB Options

3-month Rolling Avg. Fund Balance for Alternative Growth Assumptions



* Expenses are assumed not to vary under the various sensitivity tests.

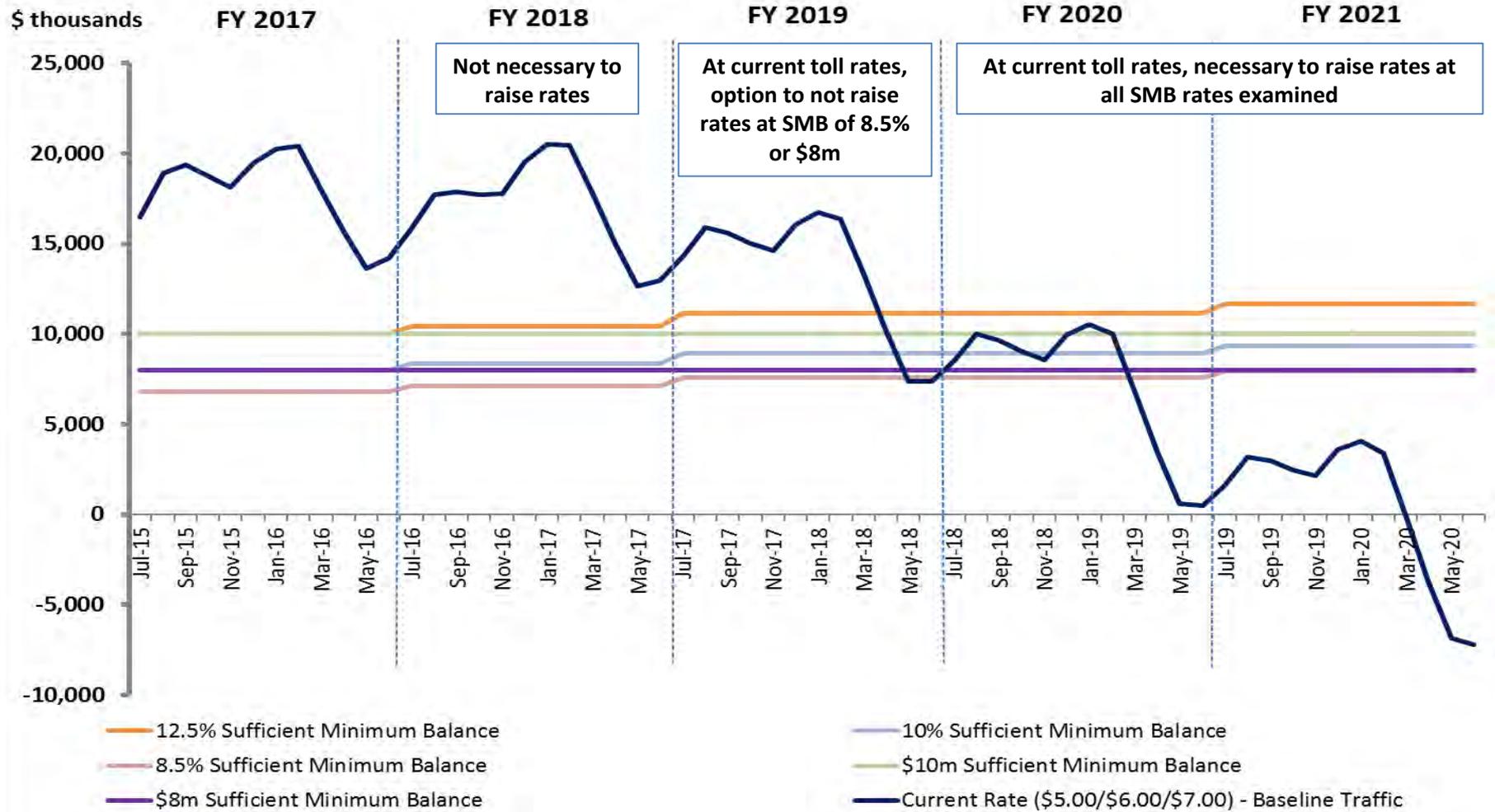
Lower SMB: Rate Impacts

- Benefits
 - Lower or deferred rate increase possible for initial rate-setting
 - Assumes greater use of existing fund balance to pay costs during FY(s) of rate cycle
 - Helps address concern that TNB fund balance is too high
- Risks
 - Does not change costs necessary to be paid from TNB Account
 - Carrying lower fund balance may require higher toll rates than otherwise necessary to meet debt service and deferred sales tax commitments
 - Increases likelihood that loss of revenue event results in impact on toll payers:
 - Future rate increase or need for other revenues
 - Possible interest costs from loan for a negative balance

Tacoma Narrows Bridge - Current Toll Rate

3-month Rolling Average Fund Balance for Alternative SMBs

Based on November 2016 TNB Financial Plan



SMB Policy: Additional Options

- Align policy with current insurance coverage
 - Policy references 10 day waiting period deductible, which was removed (FY 2015)
 - Add reference to current \$10 million deductible and coverage limits
- Clarify the Rate Adjustment Trigger

*Current policy: “rate setting process **will be triggered** if there is a significant risk that **the actual SMB** will fall below the established target.”*

 - Could allow Commission **option of** triggering rate setting process
 - “Actual SMB” better stated as “three month rolling average fund balance”

SMB Policy: Changes Under Consideration

- Set SMB at flat \$10 million – ***WSTC's Preliminary Choice***
 - Ensures coverage for insurance deductible
 - Covers largest expected change in monthly use of fund balance
 - Maintains SMB at about current value (FY 2017)
- Alternatives to flat \$10 million
 - **Alt. 1:** Set at 10% of annual costs. SMB value would grow to nearly \$10 million by FY 2021.
 - **Alt. 2:** Set at \$8 million and accept risk of potentially relying on \$2 million from alternative source, or toll rate increase.
- Other possible changes to the SMB policy:
 - Align with current insurance deductible
 - Clarify the rate adjustment trigger

Other Possible Changes Under Consideration

- Consider including TNB Civil Penalty Program revenue and expenses when calculating SMB sufficiency
 - Reduces pressure for rate increase by increasing fund balance used for SMB sufficiency test
- Work with Legislature on toll rate relief
 - Options to reduce costs paid by TNB fund
 - Options to reduce reliance on SMB for maintaining/recovering fund balance
- Consider no FY 2018 toll rate increase; explore option of increase for FY 2019
 - Fund balance below SMB at current toll rates in FY 2019 & FY 2020
 - Projected negative monthly fund balance: May 2020 (FY 2020)
 - Projected negative ending fund balance: FY 2021

Proposed Decision Timeline

- Dec 2016: Commission selected preferred SMB option
 - Only a statement on preferred option – no change to policy
- Dec 2016 – April 2017: Engage the Legislature & CAC
 - Support informed discussion of financing options with Legislature
- TBD 2017/2018: Date for Potential Change to Commission's SMB Policy
 - Enables decision with legislative and stakeholder input, and more updated traffic trends and costs



Washington State
Transportation Commission



Questions?

For more information contact:

Carl See

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Tacoma Narrows Toll Bridge Account (511)

Printed on: 12/6/2016

Financial Plan - Updated on November 17, 2016 - DRAFT

Forecasted revenue is based on November TRFC.

Historical Revenues and expenses from 2006 - 2016 are based on TNB

(Amounts in thousands of nominal dollars except toll rates)

		Actuals		Forecast		Rate Setting Biennium	
Fiscal Year		2016	2017	2018	2019	2020	2021
1	Toll Rate (Good To Go! Pre-Pay)	\$5.00	\$5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
2	Toll Rate (Cash)	\$6.00	\$6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00
3	Toll Rate (Pay-By-Mail)	\$7.00	\$7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
4	Beginning Fund Balance (Financial Statements)	14,083	20,876	19,715	18,809	12,457	6,164
5	Sources of Toll Revenue Funds 1						
6	Interest Earnings from Tacoma Narrows Account (511) 2	120	102	98	83	55	22
7	Interest Earnings from Toll Collection Account (495) 2	32	8	8	8	8	8
8	Toll Revenue - Good To Go! Pre-Pay & Cash	75,054	76,387	77,976	79,408	80,528	81,461
9	Toll Revenue - Pay By Mail	3,137	3,449	3,325	3,185	3,240	3,291
10	Transponder Sales Revenue	484	411	460	463	432	431
11	Violations	8	-	-	-	-	-
12	Fees 3	374	413	398	381	388	394
13	Contractual Damages 4	139	133	-	-	-	-
14	Miscellaneous Revenue 5	7	-	-	-	-	-
15	Total Sources of State Funds	79,355	80,903	82,265	83,528	84,651	85,607
16	Uses of Toll Revenue Funds 6						
17	Toll CSC Vendor Contract	(2,138)	(2,565)	(2,226)	(2,805)	(2,769)	(2,598)
18	Toll CSC Vendor Reprocurement	(359)	(359)	(1,508)	(3,458)	-	-
19	PBM Postage	(351)	(580)	(414)	(431)	(476)	(501)
20	Toll Booth and Lane Vendor Contract	(3,186)	(3,304)	(3,370)	(3,456)	(3,601)	(3,714)
21	Insurance 7	(1,184)	(1,158)	(1,500)	(1,500)	(1,615)	(1,656)
22	Credit Card and Bank Fees	(1,453)	(1,739)	(1,559)	(1,579)	(1,716)	(1,776)
23	Transponder Cost of Goods Sold	(316)	(411)	(460)	(463)	(432)	(431)
24	Other Toll Operations Costs	(476)	(350)	(517)	(515)	(485)	(479)
25	Personal Service Contracts 8	(803)	(345)	(310)	(310)	(249)	(251)
26	Salaries and Benefits	(762)	(1,084)	(1,243)	(1,232)	(1,142)	(1,122)
27	Infrastructure Maintenance	(438)	(510)	(565)	(554)	(599)	(584)
28	Subtotal: Operations and Maintenance Uses of Funds	(11,107)	(12,404)	(13,672)	(16,303)	(13,083)	(13,112)
29	Subtotal: Operating Sources less Operating Uses	68,248	68,499	68,594	67,225	71,567	72,495
30	Debt Service Payment 9	(61,385)	(70,549)	(69,115)	(72,590)	(73,102)	(72,151)
31	Debt Service Paid by MVA Account 12		2,500				
31	Debt Service Withholding 9	(891)	492	(714)	(212)	355	(304)
32	Subtotal: Uses of Funds incl. Debt Service	(73,383)	(79,961)	(83,500)	(89,105)	(85,831)	(85,568)
33	Deferred Sales Tax Repayment 10	-	-	-	-	-	-
34	Repair & Replacement (early years covered by capital balance)	-	-	-	-	(3,300)	(7,886)
35	Total Uses of Toll Funds	(73,383)	(79,961)	(83,500)	(89,105)	(89,130)	(93,454)
36	Current Year Sources less Uses Balance	5,971	942	(1,235)	(5,577)	(4,479)	(7,847)
37	Cumulative Sources Less Uses Balance	13,544	14,486	13,251	7,674	3,195	(4,652)
38	Beginning Capital Balance	3,806	3,802	2,841	2,698		
39	Total Sources of Capital Funds	-	-	-	-		
40	Repair and Replacement (covered by Capital Balance)	(4)	(961)	(143)	(241)		
41	Ending Capital Balance	3,802	2,841	2,698	2,457	0	
42	Sources Less Uses + Ending Capital Balance (for Sufficiency Test)	17,346	17,327	15,949	10,131	3,195	(4,652)
43	12.5% Sufficient Minimum Balance (SMB)	9,173	9,995	10,438	11,138	11,141	11,682
44	Amount (of Fund balance wo CP) Above/Below SMB	8,173	7,332	5,512	(1,007)	(7,947)	(16,334)
45	Lowest 3-month Rolling Average Balance	12,236	13,374	12,378	7,109	287	(7,374)
46	Amount (of 3-month average) Above/Below SMB	3,063	3,379	1,941	(4,029)	(10,855)	(19,056)
47	Civil Penalty Program - FOR INFORMATIONAL PURPOSES ONLY, NOT INCL. IN SUFFICIENCY FUND BALANCE 11						
48	Civil Penalty Revenue (not incl. in Operating Revenue)	1,698	1,627	1,570	1,503	1,530	1,553
49	Civil Penalty Adjudication Costs (not incl. in Operating Expense)	(872)	(1,820)	(1,098)	(1,087)	(886)	(861)
50	Subtotal: Civil Penalty Net Revenue	826	(193)	472	416	644	692
51	Scheduled Motor Vehicle Loan Repayment	-	(950)	-	(950)	-	(950)
52	Civil Penalty Net Revenue after Loan Repayments	826	(1,143)	472	(534)	644	(258)
53	Cumulative Balance for Civil Penalties	3,530	2,387	2,859	2,325	2,969	2,711
54	Ending Fund Balance (Financial Statements)	20,876	19,715	18,809	12,457	6,164	(1,941)

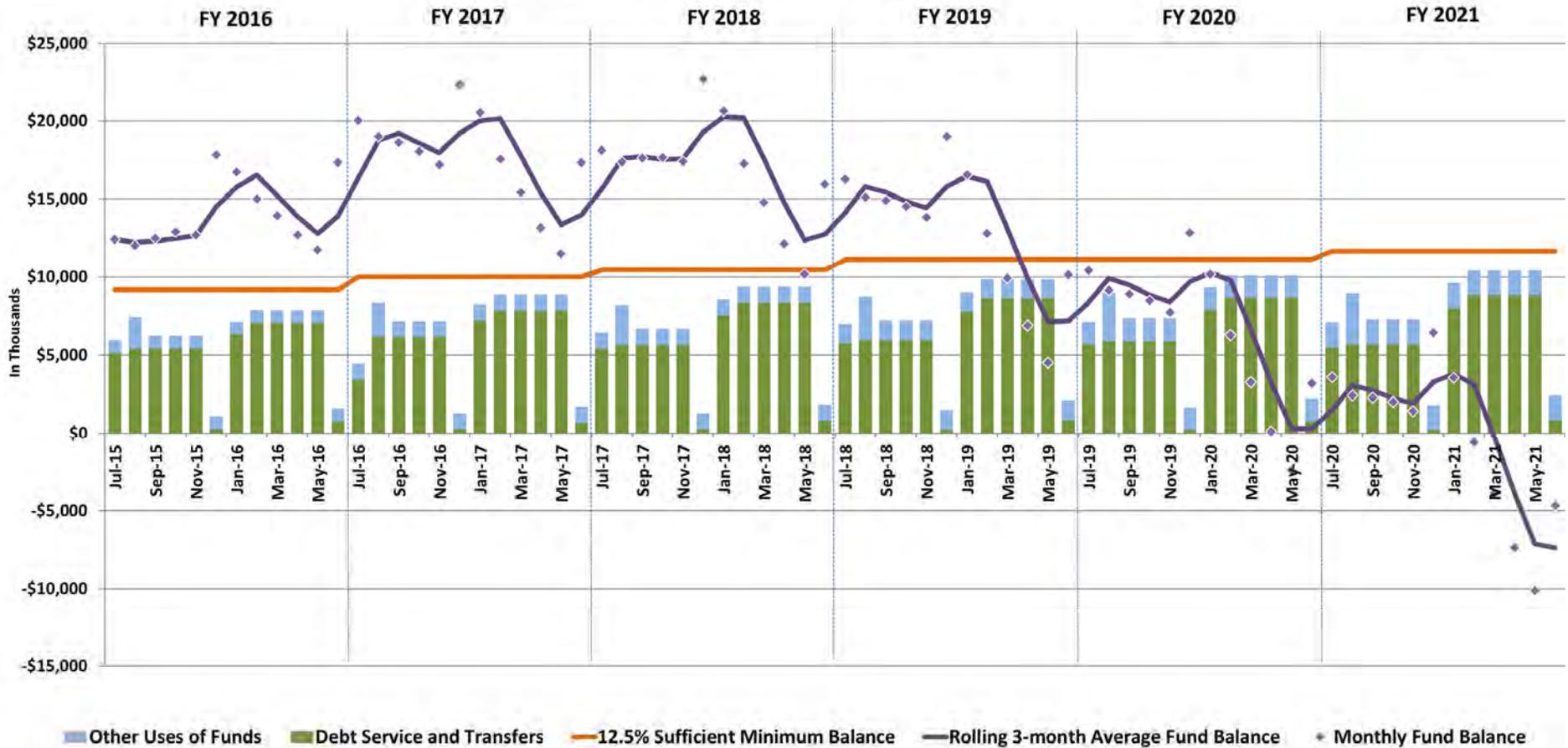
- ¹ For GAAP purposes, Interest Earnings, Debt Service and Transfers displayed as Operations Sources of Funds are considered to be Nonoperating Activities.
- ² Interest income displayed is net of the cost of investment activities. It is reported as a separate line item for actuals in the income statement.
- ³ Includes NSF check, Customer Service Center administration fees, and the reprocessing fee associated with the second Pay By Mail statement.
- ⁴ Contractual damages are expected to continue until FY 2017.
- ⁵ FY 2008-2015 - Includes donations, sales of surplus right of ways, cash over and short, and prior period recoveries.
- FY 2008: \$104k of donations for grand opening; FY 2010: \$2,350 down-payment for the \$21,501 sale of surplus right of way; FY 2011 - FY 2030 \$164 monthly payment for the same real estate sale.
- ⁶ Uses of Funds for Operations in FY 2016 - FY 2017 reflect the enacted budget and 2016 supplemental budget request. Maintenance and preservation are from WSDOT plan updated November 2015. CSC Operations Vendor Contract, Personal Services Contracts, and Salaries and Benefits in FY 2015 & 2016 include costs associated to re-procurement of a CSC vendor which are included in Preservation and R & R in future years. WSDOT Salaries and Benefits, Personal Services Contracts, and Other Toll Operations costs include costs associated to TNB's share of system-wide administrative costs (MS), total for FY 2016 = \$507k, FY 2017 = \$523k, FY 2018 = \$532k, FY 2019 = \$541k, FY 2020 = \$550k, FY 2021 = \$559k, FY 2022 = \$568k, FY 2023 = \$577k, FY 2024 = \$586k, FY 2025 = \$595k, FY 2026 = \$604k, FY 2027 = \$613k, FY 2028 = \$622k, FY 2029 = \$631k, FY 2030 = \$640k.
- ⁷ Insurance for FY 2017 is the forecast expense, however a majority of this cost (\$1.13m) was paid in July 2016.
- ⁸ Other previously included the Personal Services expense, until FY 2012 when Personal Services was broken out separately.
- ⁹ Debt Service Payment represents Principal and Interest payments paid out of the Highway Bond Retirement Account for bonds sold for TNB Account construction costs. Debt Service Withholding represents the amount transferred in a given fiscal year from the TNB Account, more or less than the Debt Service Payment. RCW 47.10.847 requires the State Treasurer to withhold amounts for as required by the bond proceedings into the Highway Bond Retirement Account, which is on a monthly basis prior the due dates of the debt service payment.
- ¹⁰ In spring 2015 Legislature passed bill 2ESSB 5987, Sec. 405 of the bill postpones TNB's repayment of the deferred sales tax to FY 2032 (the first payment is on December 31, 2031).
- ¹¹ Revenues and Expenses for Civil Penalties are included in the Financial Plan but do not affect the fund balance used in the 3-month rolling average sufficiency test because Civil Penalty Net Revenues are reserved for paying back the \$5.288 million Motor Vehicle Fund Loan. However, published financial statements will include Civil Penalty Revenues and Adjudication Expenses.
-As stated in RCW 46.63.160 (9): "Except as provided otherwise in this subsection, all civil penalties, including the photo toll and associated fees, collected under this section must be deposited into the toll facility account of the facility on which the toll was assessed. However, through June 30, 2015, civil penalties deposited into the Tacoma Narrows toll bridge account created under RCW 47.56.165 that are in excess of amounts necessary to support the toll adjudication process applicable to toll collection on the Tacoma Narrows bridge must first be allocated toward repayment of operating loans and reserve payments provided to the account from the motor vehicle account under section 1005(15), chapter 518, Laws of 2007."

SUFFICIENT MINIMUM BALANCE

Rolling 3-month Average

Tacoma Narrows Bridge Fund Balance (\$ Thousands)

Forecast based on TNB Financial Plan



Tacoma Narrows Toll Bridge Account (511)

Printed on: 2/2/2017

Financial Plan - Updated on February 1, 2017 - DRAFT

Forecasted revenue is based on November TRFC. Future Year expenditures incorporate the Governor's proposed 2017-19 budget.

Historical Revenues and expenses from 2006 - 2016 are based on TNB Income Statements.

(Amounts in thousands of nominal dollars except toll rates)			Rate Setting Biennium				
			Actuals	Forecast	2018	2019	2020
Fiscal Year	2016	2017	2018	2019	2020	2021	
1	Toll Rate (Good To Go! Pre-Pay)	\$5.00	\$5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
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11	Violations	8	-	-	-	-	-
12	Fees 3	374	413	398	381	388	394
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18	Toll CSC Vendor Reprocurement	-	(359)	(1,963)	(4,507)	-	-
19	PBM Postage	(351)	(580)	(414)	(431)	(476)	(501)
20	Toll Booth and Lane Vendor Contract	(3,186)	(3,304)	(3,370)	(3,456)	(3,601)	(3,714)
21	Insurance 7	(1,184)	(1,158)	(1,500)	(1,500)	(1,615)	(1,656)
22	Credit Card and Bank Fees	(1,453)	(1,739)	(1,637)	(1,658)	(1,802)	(1,864)
23	Transponder Cost of Goods Sold	(316)	(411)	(469)	(473)	(435)	(433)
24	Other Toll Operations Costs	(476)	(350)	(410)	(408)	(378)	(369)
25	Personal Service Contracts 8	(803)	(345)	(308)	(308)	(248)	(249)
26	Salaries and Benefits	(762)	(1,084)	(1,337)	(1,327)	(1,238)	(1,218)
27	Infrastructure Maintenance	(438)	(510)	(565)	(554)	(599)	(584)
28	Subtotal: Operations and Maintenance Uses of Funds	(11,107)	(12,405)	(14,173)	(17,395)	(13,124)	(13,150)
29	Subtotal: Operating Sources less Operating Uses	68,248	68,499	68,101	66,143	71,530	72,459
30	Debt Service Payment 9	(61,385)	(70,549)	(69,115)	(72,590)	(73,102)	(72,151)
31	Debt Service Paid by MVA Account 12	-	2,500	-	-	-	-
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33	Subtotal: Uses of Funds incl. Debt Service	(73,383)	(79,961)	(84,002)	(90,198)	(85,872)	(85,606)
34	Deferred Sales Tax Repayment 10	-	-	-	-	-	-
35	Repair & Replacement (early years covered by capital balance)	-	-	-	-	(3,300)	(7,886)
36	Total Uses of Toll Funds	(73,383)	(79,961)	(84,002)	(90,198)	(89,171)	(93,492)
37	Current Year Sources less Uses Balance	5,971	942	(1,728)	(6,659)	(4,517)	(7,883)
38	Cumulative Sources Less Uses Balance	13,544	14,486	12,758	6,099	1,582	(6,301)
39	Beginning Capital Balance	3,806	3,802	2,841	2,698	2,457	0
40	Total Sources of Capital Funds	-	-	-	-	-	-
41	Repair and Replacement (covered by Capital Balance)	(4)	(961)	(143)	(241)	(2,457)	-
42	Ending Capital Balance	3,802	2,841	2,698	2,457	0	0
43	Sources Less Uses + Ending Capital Balance (for Sufficiency Test)	17,346	17,327	15,456	8,556	1,582	(6,301)
44	12.5% Sufficient Minimum Balance (SMB)	9,173	9,995	10,500	11,275	11,146	11,686
45	Amount (of Fund balance wo CP) Above/Below SMB	8,173	7,332	4,956	(2,719)	(9,565)	(17,988)
46	Lowest 3-month Rolling Average Balance	12,236	13,373	11,967	5,691	(1,323)	(9,020)
47	Amount (of 3-month average) Above/Below SMB	3,063	3,378	1,467	(5,584)	(12,470)	(20,707)
48	Civil Penalty Program - FOR INFORMATIONAL PURPOSES ONLY, NOT INCL. IN SUFFICIENCY FUND BALANCE 11						
49	Civil Penalty Revenue (not incl. in Operating Revenue)	1,698	1,627	1,570	1,503	1,530	1,553
50	Civil Penalty Adjudication Costs (not incl. in Operating Expenses)	(872)	(1,511)	(1,093)	(1,099)	(868)	(845)
51	Subtotal: Civil Penalty Net Revenue	826	116	477	404	662	708
52	Scheduled Motor Vehicle Loan Repayment	-	(950)	-	(950)	-	(950)
53	Civil Penalty Net Revenue after Loan Repayments	826	(834)	477	(546)	662	(242)
54	Cumulative Balance for Civil Penalties	3,530	2,696	3,173	2,627	3,289	3,047
54	Ending Fund Balance (Financial Statements)	20,876	20,023	18,629	11,183	4,871	(3,254)

- ¹ For GAAP purposes, Interest Earnings, Debt Service and Transfers displayed as Operations Sources of Funds are considered to be Nonoperating Activities.
- ² Interest income displayed is net of the cost of investment activities. It is reported as a separate line item for actuals in the income statement.
- ³ Includes NSF check, Customer Service Center administration fees, and the reprocessing fee associated with the second Pay By Mail statement.
- ⁴ Contractual damages are expected to continue until FY 2017.
- ⁵ FY 2008-2015 - Includes donations, sales of surplus right of ways, cash over and short, and prior period recoveries.
 - FY 2008: \$104k of donations for grand opening; FY 2010: \$2,350 down-payment for the \$21,501 sale of surplus right of way; FY 2011 - FY 2030 \$164 monthly payment for the same real estate sale.
- ⁶ Uses of Funds for Operations in FY 2016 - FY 2017 reflect the enacted budget and 2016 supplemental budget request. Maintenance and preservation are from WSDOT plan updated November 2015. CSC Operations Vendor Contract, Personal Services Contracts, and Salaries and Benefits in FY 2015 & 2016 include costs associated to re-procurement of a CSC vendor which are included in Preservation and R & R in future years. WSDOT Salaries and Benefits, Personal Services Contracts, and Other Toll Operations costs include costs associated to TNB's share of system-wide administrative costs (MS), total for FY 2016 = \$507k, FY 2017 = \$523k, FY 2018 = \$532k, FY 2019 = \$529k, FY 2020 = \$513k, FY 2021 = \$513k.
- ⁷ Insurance for FY 2017 is the forecast expense, however a majority of this cost (\$1.13m) was paid in July 2016.
- ⁸ Other previously included the Personal Services expense, until FY 2012 when Personal Services was broken out separately.
- ⁹ Debt Service Payment represents Principal and Interest payments paid out of the Highway Bond Retirement Account for bonds sold for TNB Account construction costs. Debt Service Withholding represents the amount transferred in a given fiscal year from the TNB Account, more or less than the Debt Service Payment. RCW 47.10.847 requires the State Treasurer to withhold amounts for as required by the bond proceedings into the Highway Bond Retirement Account, which is on a monthly basis prior the due dates of the debt service payment.
- ¹⁰ In spring 2015 Legislature passed bill 2ESSB 5987, Sec. 405 of the bill postpones TNB's repayment of the deferred sales tax to FY 2032 (the first payment is on December 31, 2031).
- ¹¹ Revenues and Expenses for Civil Penalties are included in the Financial Plan but do not affect the fund balance used in the 3-month rolling average sufficiency test because Civil Penalty Net Revenues are reserved for paying back the \$5.288 million Motor Vehicle Fund Loan. However, published financial statements will include Civil Penalty Revenues and Adjudication Expenses.
 -As stated in RCW 46.63.160 (9): "Except as provided otherwise in this subsection, all civil penalties, including the photo toll and associated fees, collected under this section must be deposited into the toll facility account of the facility on which the toll was assessed. However, through June 30, 2015, civil penalties deposited into the Tacoma Narrows toll bridge account created under RCW 47.56.165 that are in excess of amounts necessary to support the toll adjudication process applicable to toll collection on the Tacoma Narrows bridge must first be allocated toward repayment of operating loans and reserve payments provided to the account from the motor vehicle account under section 1005(15), chapter 518, Laws of 2007."
- ¹² In spring 2016 Legislature proposed 2016 supplemental budget bill ESHB 2524, Sec. 401 of the bill set \$2.5 million appropriation in 2015-17 biennium under Motor Vehicle Account (MVA) to pay for TNB's debt service.

The differences reflect the changes between WSDOT's proposed 2017-19 budget and the governor's budget that was released in late December 2016. SR 99 was no longer included in the allocation of expenses for the back office system procurement.

Changes to the November 2016 Expenditure Plan						
<i>(2/1/2017)</i>						
<i>(Amounts in thousands of dollars)</i>						
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Total
Changes to Toll CSC Vendor Reprocurement	-	455	1,049	-	-	1,504
Changes to All Other Costs Except CP	-	47	43	41	38	169
Total Changes on Expenditures (except CP)	-	502	1,092	41	38	1,673
Changes to CP Adjudication Cost	-309	-5	12	-18	-16	(336)
All changes on Expenditures	-309	497	1104	23	22	1337

SUFFICIENT MINIMUM BALANCE Rolling 3-month Average

Tacoma Narrows Bridge Fund Balance (\$ Thousands)

Forecast based on TNB Financial Plan

