



Washington State  
Transportation Commission



# Tacoma Narrows Bridge Refinance Work Group

**Work Group Meeting #4**

*Gig Harbor, WA*

*December 1, 2017*



# Meeting Agenda

1. Work Group Introductions
  - Co-Chair Shiv Batra (WSTC Commissioner)
2. Updates & Meeting 3 Recap
  - Co-Chair Bruce Beckett (CAC Chair) & Carl See (WSTC)
3. Meeting Objectives Check-In
  - Co-Chair Bruce Beckett
4. Follow-up on Meeting 3: Proposed Funding Policy Options Analysis
  - Carl See
5. Discussion: Approve Prioritized Funding Policy Options & Report Plan
  - Co-Chairs Bruce Beckett & Shiv Batra
6. Next Steps
  - Carl See
7. Public Comment

# Work Group Schedule

- **Work Group Meetings**

- ✓ August 1: INN at Gig Harbor
- ✓ September 28: UW Tacoma
- ✓ October 26: Gig Harbor Civic Center (City Hall)
- **December 1 (9am-12pm): Gig Harbor Civic Center (City Hall)**

- **Updates to Transportation Commission**

- ✓ October 18: Present on Work Group progress
- December 12: Present Prioritized Funding Policy Options with Work Group Co-Chairs

- **Updates to Senate & House Transportation Committees: TBD**

- **Report Due Date: Extension granted from Dec. 1 to Jan. 5.**

# Work Group Meeting 3 Summary

## MAJOR OUTCOME: Agreement on the direction for policy options

- ✓ **Presented on Funding Policy Options & Requests from Meeting 2**
- ✓ **WSDOT Toll Division presented on TNB operations costs**
- ✓ **Funding Policy Options Discussion**
  - Report out small set of options to maintain focus on preferred solution(s)
  - Identified preferred option to request full funding of TNB revenue needs (options 1a & 1b)
  - Identified second option to request initial funding of TNB revenue needs
  - Agreed that equity focus should be on addressing debt service funding needs
- ✓ **Additional Discussion**
  - Agreed to report out on additional recommendations addressing costs and funding options.
  - Opposed potential Commission proposal for additional toll exemptions on the TNB Bridge.
  - Requested extension of report deadline from Dec. 1, 2017 to early January 2018.

# TNB Scenario Model Updates

- Completed
  - ✓ Applied FY 2017 actuals for traffic, revenue, and expenses
  - ✓ Update forecasted revenues and traffic for FY 2028 and FY 2029.
    - ✓ Transportation forecast previously extended only to FY 2027
  - ✓ **Update forecasted tolling revenue, expenses, and average toll rate with data for the November 2017 forecast and TNB financial plan.**

# Prioritized Funding Policy Options

## 1. Full “Shared Funding” Options

- Requests commitment to fully fund identified funding policy options for reducing the burden on TNB toll payers.
- Commitment of funds may include:
  - A budget proviso for full funding.
  - A budget proviso for funding of initial biennium(s), coupled with a policy legislation to direct funding in future years.

# Prioritized Funding Policy Options

## 1. Full “Shared Funding” Options

### a. \$125 Million to Fund Debt Service Increases

- Pays for costs of annual debt service payments in excess of FY 2018 amounts.
- Requires initial funding in excess of debt service payments to maintain current toll rates
- May enable early repayment of deferred sales tax or lower toll rates in final years of tolling obligations.

### b. \$115.6 Million to Maintain Current Toll Rates

- Provides funds necessary to pay annual costs not covered by annual net revenues, while meeting sufficiency requirements.
- Maintains current toll rates

# Prioritized Funding Policy Options

## 2. Initial “Shared Funding” Option

- Provides necessary funding for the next 1-2 biennia without a rate increase.
- Serve as a precedent and down payment for a long-term solution.
- Enables continued assessment of funding policy options and needs before committing additional funds.

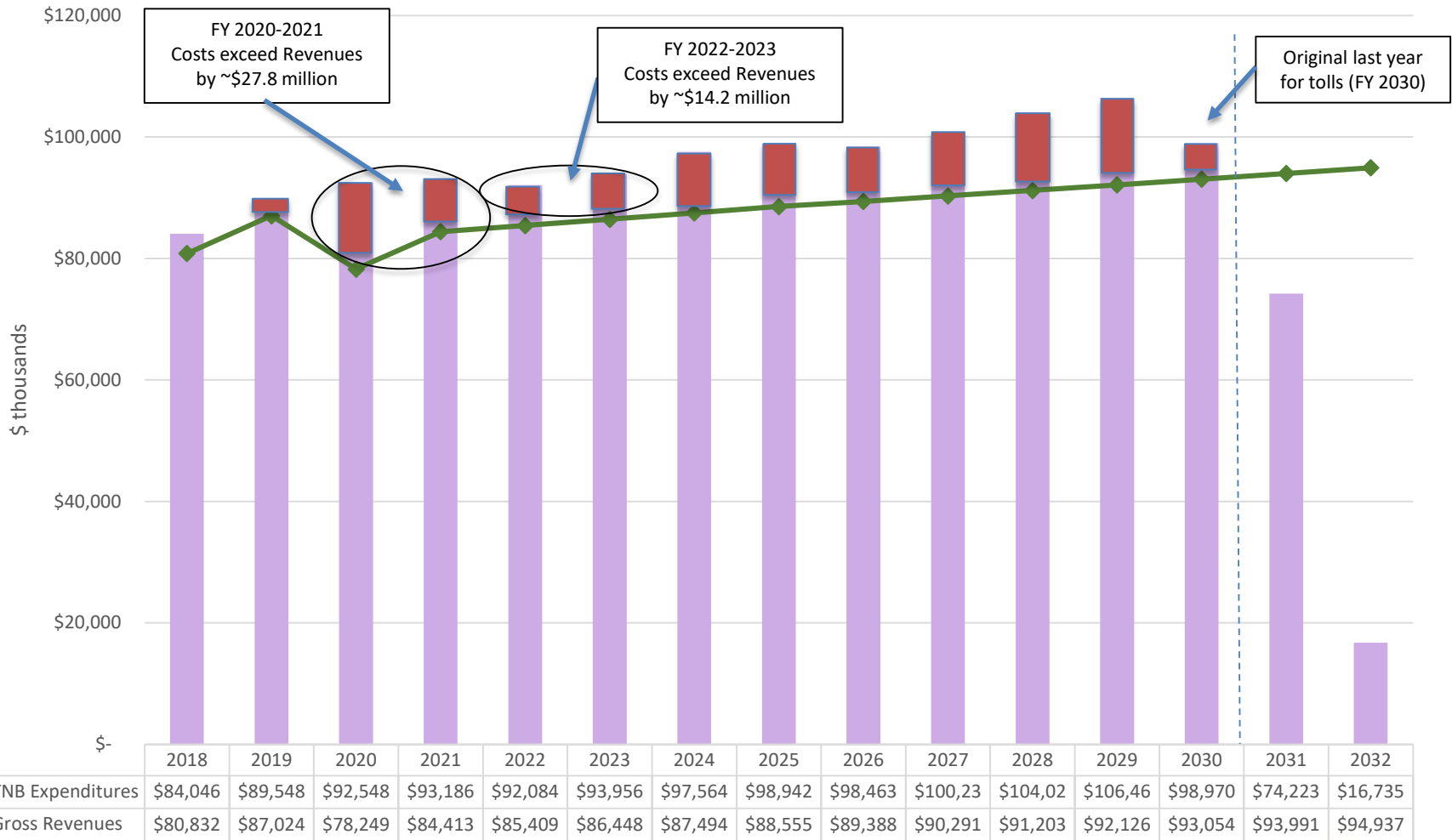


# Prioritized Funding Policy Options

2. Provide for initial funding to maintain current toll rates:
  - a. **~\$27.8 million funding for 19-21 biennium (FY 2020-2021)**
  - b. **~\$42.0 million funding for 19-21 & 21-23 biennia (FY 2020–FY 2023)**
    - a. **Alternative: \$27.8 million for FY 2020-21 + \$14.2 million for FY 2022-23**
- Assumes no revenue needs thru FY 2019.
- Addresses near-term funding needs without a rate increase.
- Serves as a precedent and down payment for either full shared funding options (1a & 1b).
- Future action(s) may include a loan or additional funding to address remaining funding needs, or a rate increase.

# Unmet Revenue Needs by Fiscal Year at Current Rates

Total TNB Costs & Gross Revenue by Fiscal Year



# Additional Tools

Additional Work Group ideas for addressing TNB revenue needs.

- MVF Loan Forgiveness
  - Remainder of \$5.28 million
  - \$5 million bridge loan for FY 2019 with scheduled repayment in FY 2020.
- Use of non-toll revenue for R&R costs
  - Extend current practice – paid now with remaining MVF TNB Capital Balance funds
- Pro-rate system and toll equipment and facility repair & replacement costs scheduled for FY 2027 – FY 2030
  - Includes system procurement cost (O&M) and R&R costs

# Additional Tools

Additional Work Group ideas for addressing TNB revenue needs.

- Use of additional “bridge loans” to ensure sufficiency, as needed
- Assessment of Toll Vendor and O&M costs for savings
  - Assess TNB and toll system vendor and operating costs to identify opportunities for savings.
- Policy bill to direct future funding in support of TNB

# Recap for Discussion

- Full Shared Funding Options
- Initial Shared Funding Option
- Additional Tools

# Next Steps

## Final Report

- Finalize report recommendations by: **December 6<sup>th</sup>**.
- Present content for approval at December Commission meeting.
- Finalize final draft for review by **December 15<sup>th</sup>**.
- Work Group feedback due by **December 21<sup>st</sup>**.
- Submit to Senate & House Transportation Committees by **January 5, 2018**.

## Update to Transportation Commission

- December 12 (Olympia): Present Prioritized Policy Solutions with Work Group Co-Chairs

## Updates to Senate & House Transportation Committees: TBD

# Public Comment

# Questions?

**Carl See**

Senior Financial Analyst

Washington State Transportation Commission

360-705-7070

[seecarl@wstc.wa.gov](mailto:seecarl@wstc.wa.gov)