



Washington State
Transportation Commission



Tacoma Narrows Bridge Account

Sufficient Minimum Balance Commission Policy Update

Commission Regular Meeting
Carl See, WSTC Senior Financial Analyst
January 17, 2018



SMB FAQs

- The SMB Policy is a Commission policy
- 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 – not restricted in use
- “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 \$10.5m (FY 2018)
 - Set at 12.5% of working capital (~45 days)
 - Forecasted at \$11.2m for FY 2019

TNB Account FAQs

- Receives all toll revenue from the Tacoma Narrows Bridge
- Toll revenue designated for costs of new (eastbound) TNB:
 - 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)
- Lowest 3 month average fund balances for TNB operations:
 - FY 2017 (July 2016): \$17,251,000
 - FY 2018 (*projected*): \$11,233,000
 - **FY 2019 (*projected*): \$6,913,000**
 - *Civil Penalty Program revenue & expenses not included*

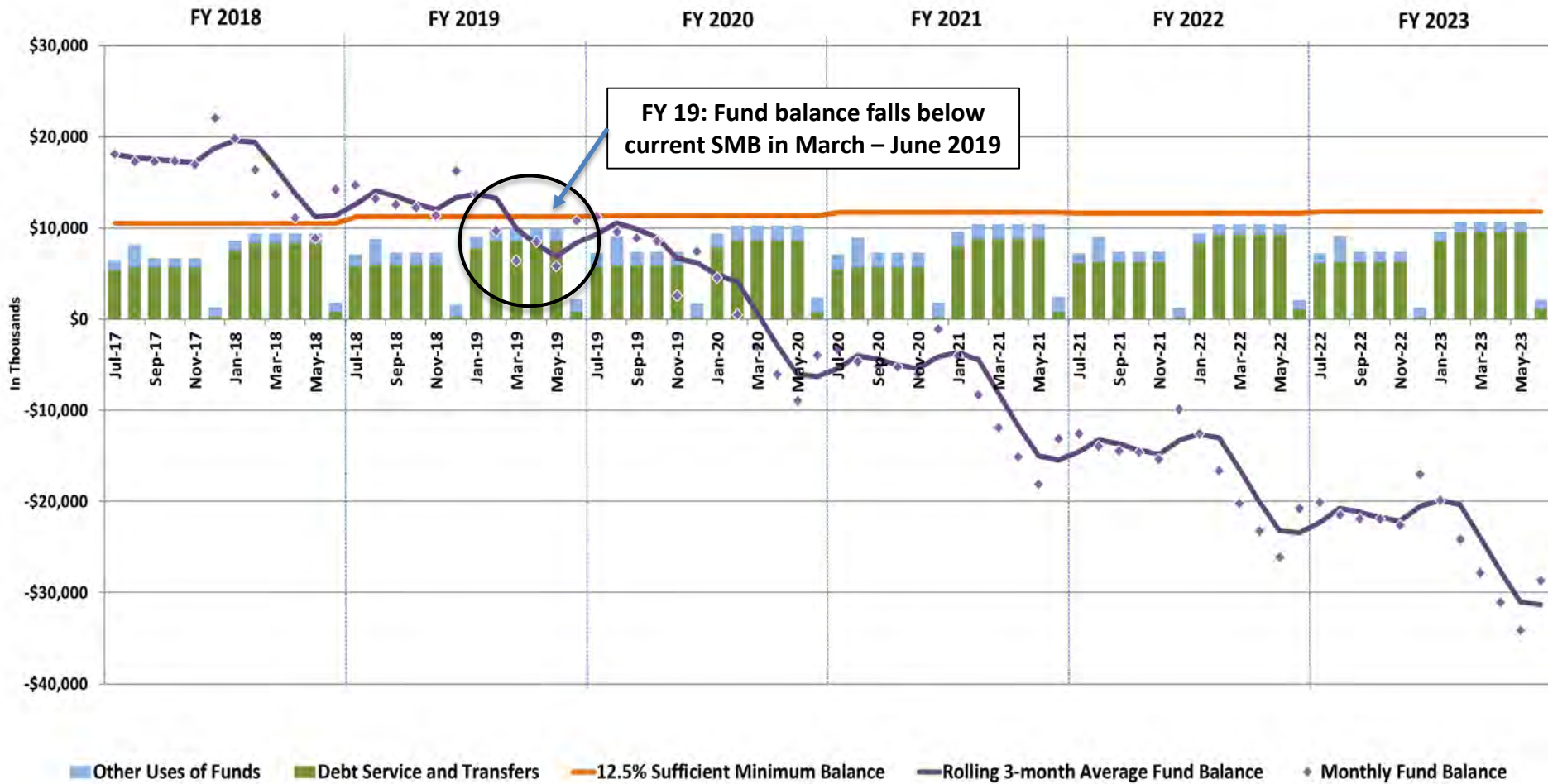
Assessing Risks: Revenue Recovery

- SMB one of several tools to maintain or recover fund balance
 - Commission action to raise toll rates
 - Time necessary to coordinate and implement
 - Not a lump sum of revenue
 - Not effective if tolled bridge fully closed
 - Impacts rate payers and local businesses
 - Motor Vehicle Account loan, if balance negative
 - Future TNB Account revenue would repay the loan, with interest (variable)
 - No legislative or Commission action needed, but considered a last resort by state
 - Poor impression with bond holders
 - Transfer (grant) of funds to TNB Account by Legislature
 - Time necessary to implement
 - No obligation to transfer funds
 - Insurance for loss of toll revenue

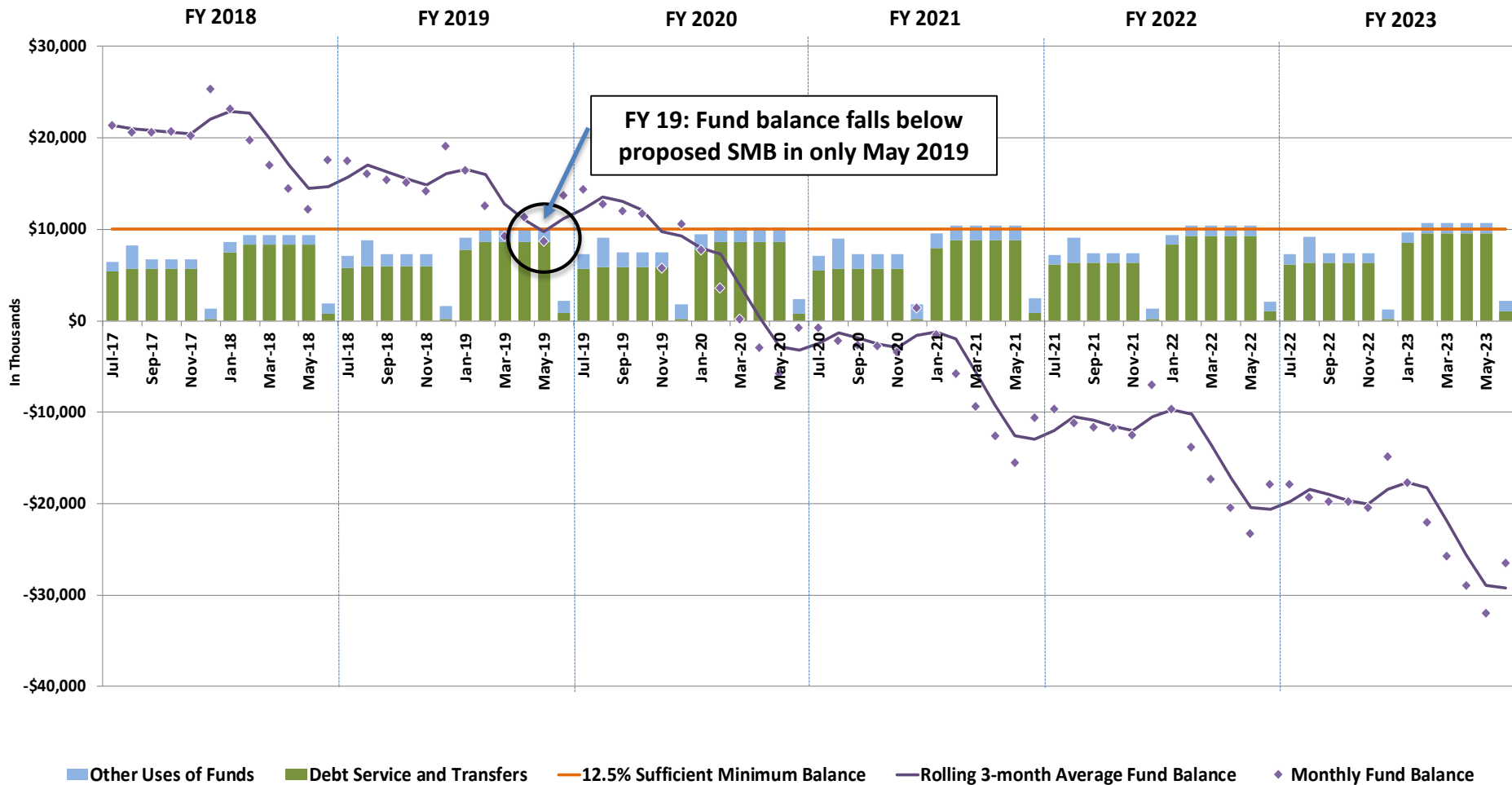
SMB Policy Recommendations

- Set SMB at flat \$10 million
 - ***WSTC's Preliminary Choice in December 2016***
 - Provides coverage for TNB insurance deductible
 - Covers about 40 days of average monthly toll revenues at current rates, approximately 35 days if average toll rate increased to \$6.00.
 - Exceeds highest monthly debt service withholdings, except for Feb – May 2029 (\$10.14m).
- Include TNB Civil Penalty Program revenue and expenses when calculating SMB sufficiency
 - Increases fund balance used as measure of SMB sufficiency
 - Civil Penalty program fund balance has stabilized over time

TNB SMB Rolling 3-Month Average Current Policy



TNB SMB Rolling 3-Month Average Proposed Policy



SMB Policy Recommendations

- Additional updates to SMB policy language:
 - Align with current insurance deductible requirements
 - Clarify the rate adjustment trigger to enable Commission to explore options for without a rate-setting action

Questions?

Carl See

Senior Financial Analyst

Washington State Transportation Commission

360-705-7070

seecarl@wstc.wa.gov