

Washington State Transportation Commission

SR 16 Tacoma Narrows Bridge Annual Financial Plan Review

Rob Fellows, Toll Policy and Planning Manager

December 12, 2018

Agenda

Review Financial Plan for FY 2020

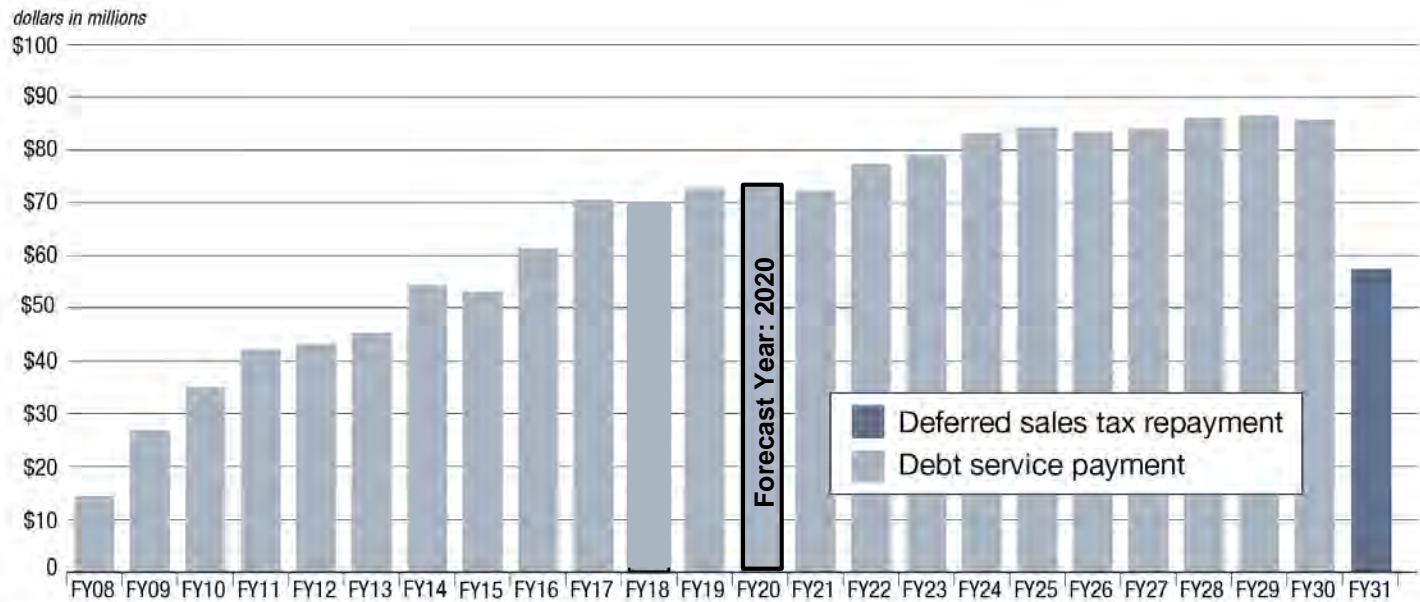
- Context
- Financial Plan overview
 - Debt service
- Traffic and revenue
 - Traffic and revenue highlights
 - Forecast vs. actual traffic and revenue
 - Sources of funds
- Toll collection and facility costs
 - Cost highlights
 - Uses of funds
- Sufficient minimum balance test



Context – Looking ahead to FY 2020

- The 2018 Legislature passed SHB 2990, which declares legislative intent to maintain current toll rates on the Tacoma Narrows Bridge (TNB) through FY 2022, and limit the increase in 2022 and thereafter to 25 cents.
 - Up to a maximum of \$85 million could be loaned from the motor vehicle fund
 - Repayment begins when debt service is fully paid
- Given this context, no rate-setting is likely needed until 2021
- A \$5 million short term loan from the motor vehicle fund during FY 2019 will be repaid in 2020
 - Allowed 2018 rates to continue into 2019
- Toll booth and toll collection systems on TNB are past due for updating, and the vendor contract is due for reprocurement
 - New toll vendor proposals will be solicited in FY 2020
 - Systems and toll collection equipment replacement in FY 2020-2022

Debt Service and Deferred Sales Tax Repayment Schedule



2002 plan toll rate		\$3.00		\$4.00		\$5.00		\$6.00			
Actual Toll Rate	Good To Go!	\$1.75	\$2.75	\$2.75	\$4.00	\$4.25	\$4.50	\$5.00	\$5.00	\$5.25	
	Cash	\$3.00	\$4.00	\$4.00	\$5.00	\$5.25	\$5.50	\$6.00	\$6.00	\$6.25	
	Pay By Mail	N/A	N/A	\$5.50	\$6.00	\$6.25	\$6.50	\$7.00	\$7.00	\$7.25	

Does not include capitalized interest

(These rates pending planned loans from the motor vehicle fund)

Source: WSDOT Budget and Financial Division

- 2002 planned toll rates were based on the Traffic and Revenue Study completed by Wilbur Smith Associates in August 2002. The financing assumption was \$800 million state general obligation bonds at an interest rate of 5.85%. A 2005 Traffic and Revenue Update, also conducted by Wilbur Smith Associates, confirmed the same toll rate structure.
- Payments and toll rates were assumed to increase over time in the 2002 plan.
- In 2015, the legislature moved repayment for deferred sales taxes by FY 2032.

TRAFFIC AND REVENUE

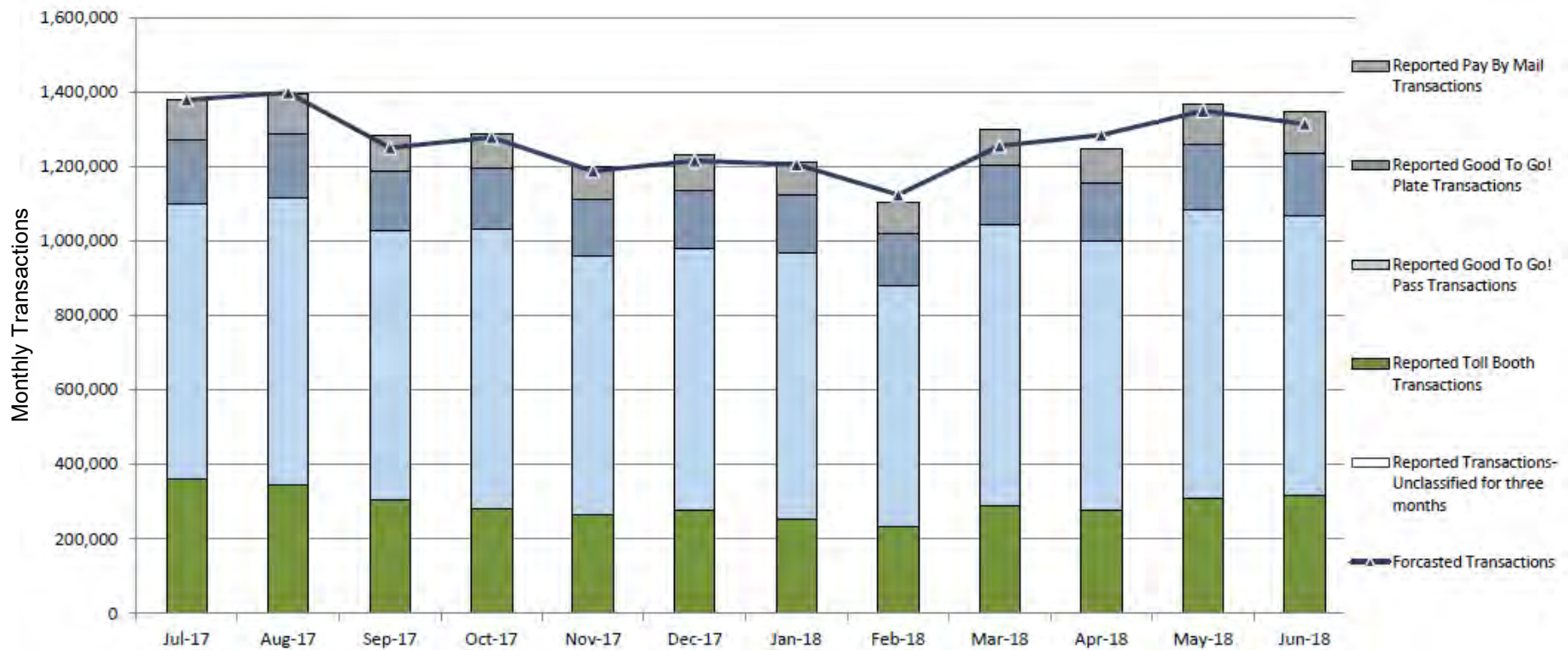
Traffic and Revenue Highlights

- **FY 2018 traffic was 0.7 percent above the 2017 forecast**
- The current November 2018 forecast projects that traffic will remain higher than previous forecast, but will grow at the same rate
- Adjusted gross revenue for FY 2018 was approximately 2.3% higher than forecast
 - The portion of trips using higher cost payment methods (Pay By Plate, Pay By Mail) is higher than forecasted, while *Good To Go!* transactions were less than expected)
- FY 2019 revenue includes a \$5 Million short-term loan from the Motor Vehicle Fund that will be repaid in FY 2020
- On financial plan, civil penalty and adjudication costs were previously shown separately from other revenues and expenses; now they are shown together

Tacoma Narrows Bridge

FY 2018 forecasted and reported toll TRAFFIC

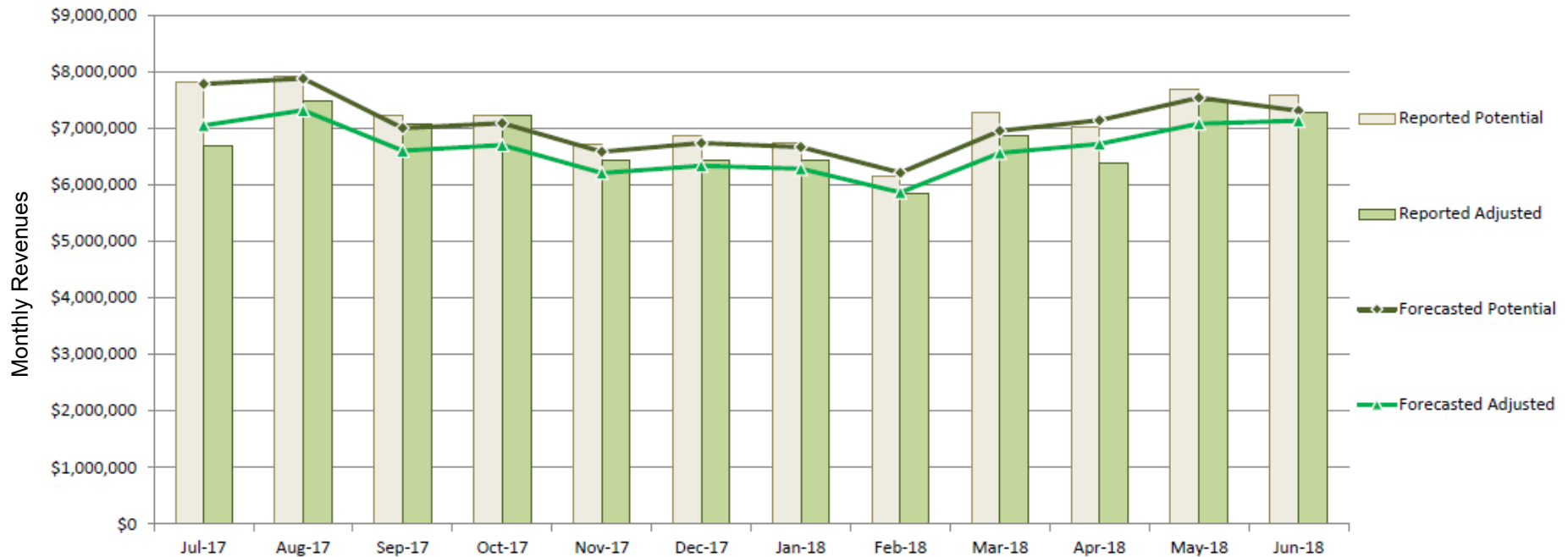
- FY 2018 total reported toll traffic was 0.7 percent above the 2017 forecast



Tacoma Narrows Bridge

FY 2018 forecasted and reported toll REVENUE

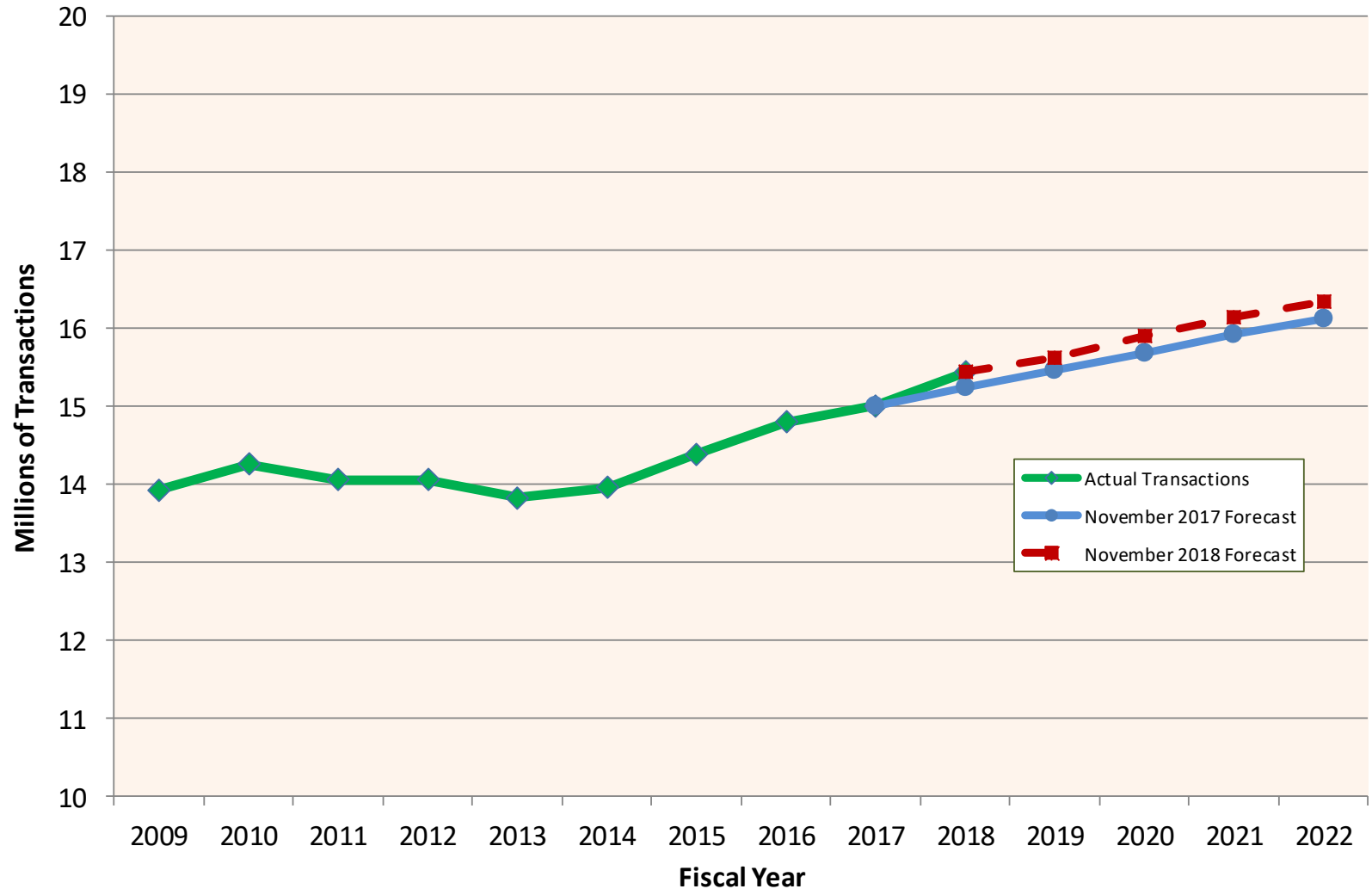
- Potential revenue (assuming all transactions collected) was 1.6 percent higher than the 2017 forecast
- Adjusted gross revenue (deducting uncollected tolls) was 2.3 percent above forecast



2017 and 2018 Traffic Forecast Comparison

Millions of Transactions – Eastbound on Bridge

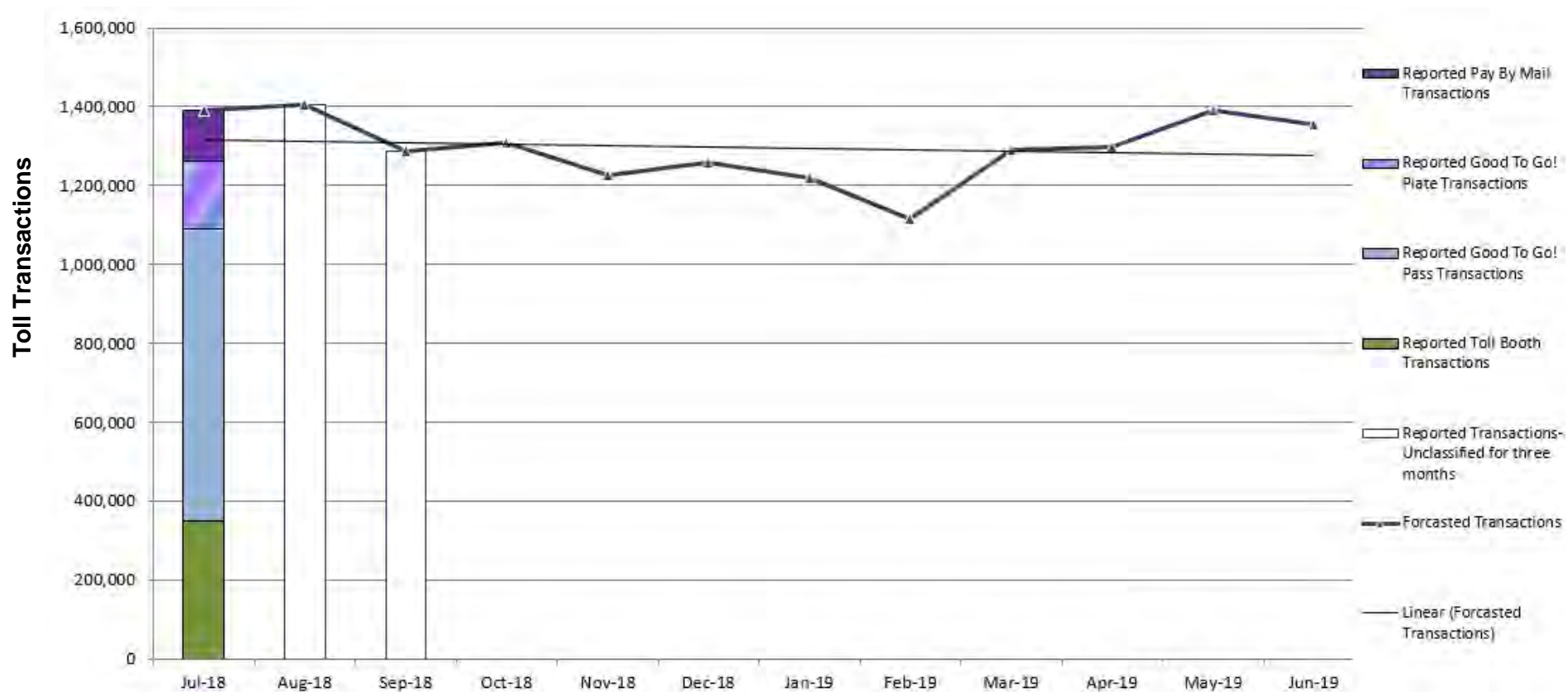
Actual and Forecasted Annual Eastbound Toll Transactions on TNB (in millions)
Comparing 2017 and 2018 Forecasts



Tacoma Narrows Bridge

Q1 FY 2019 forecasted and reported toll traffic

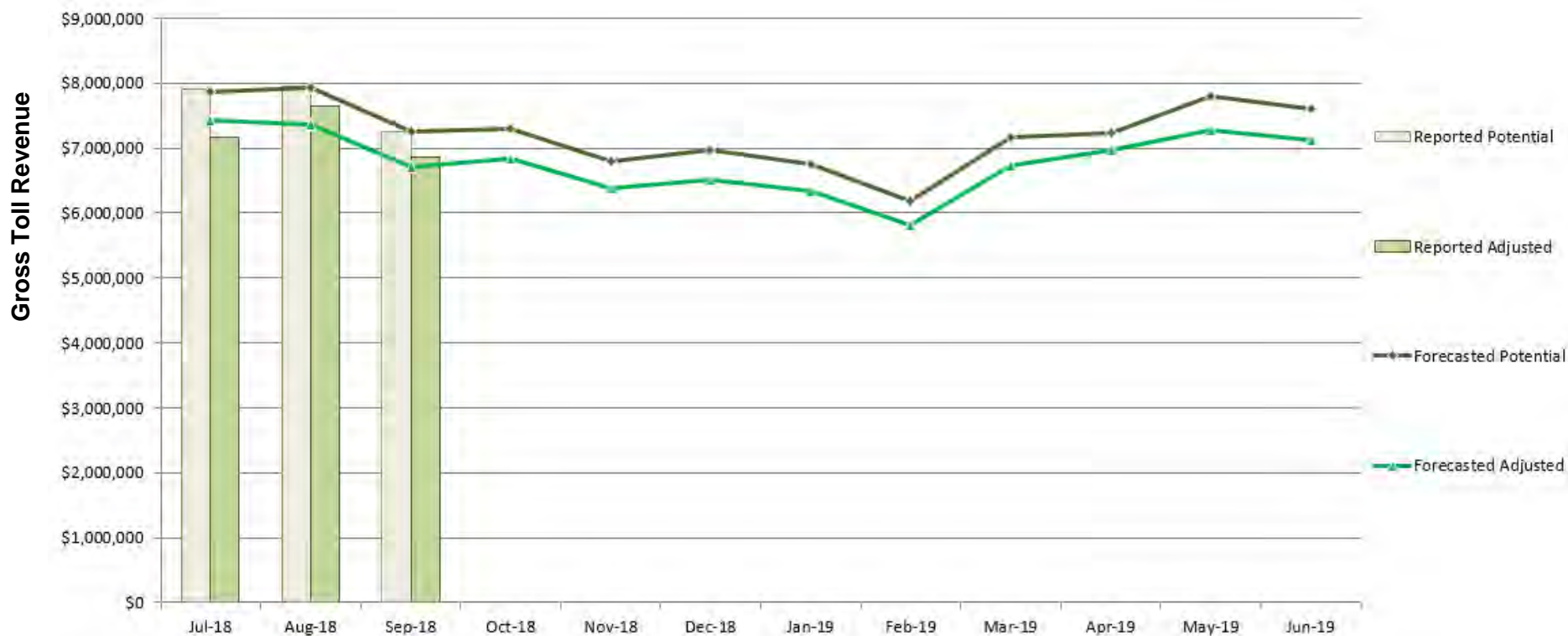
- Total reported toll traffic for the first quarter of FY 2019 was in line with the new November forecast



Tacoma Narrows Bridge

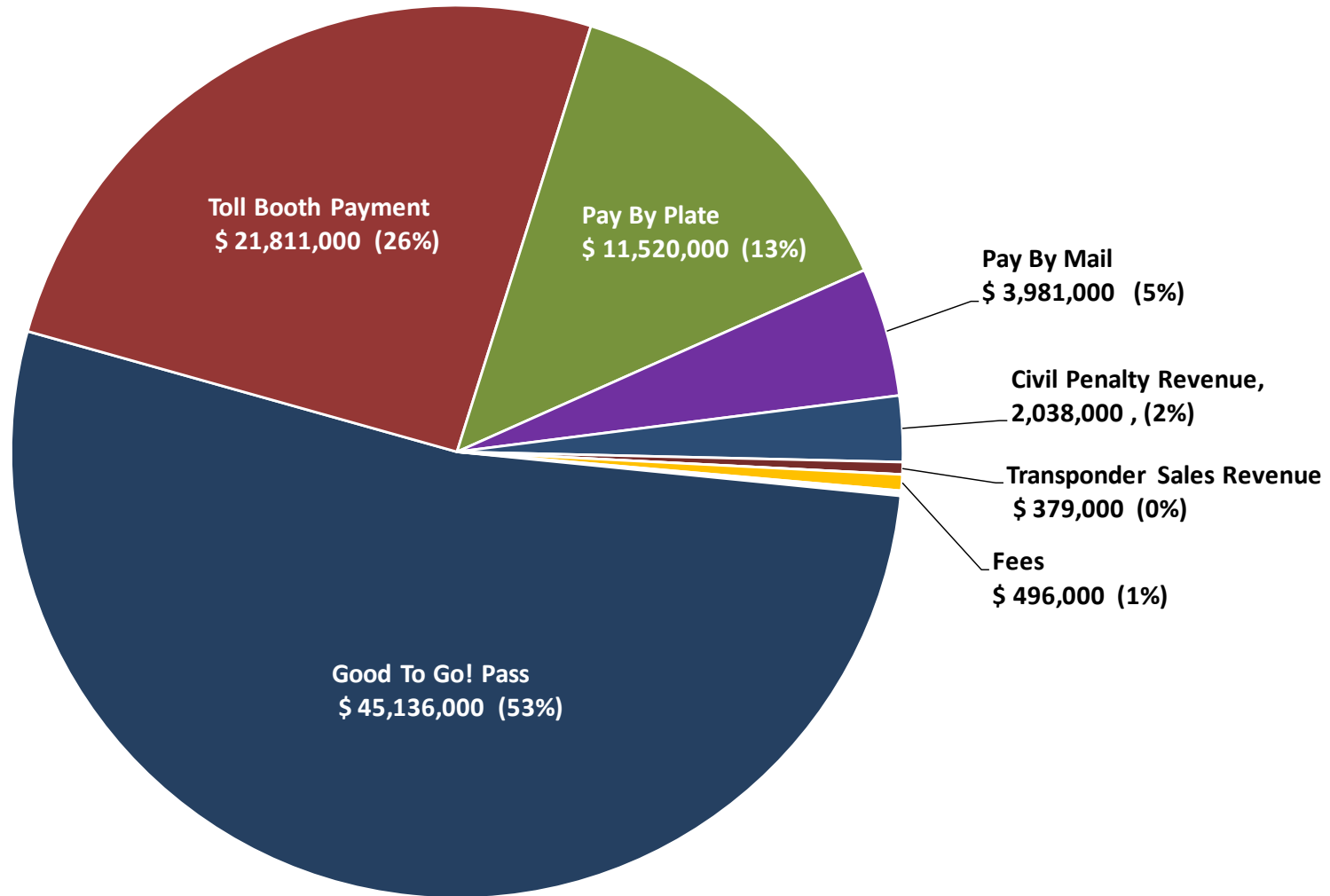
Q1 FY 2019 forecasted and reported gross toll revenue

- Total reported adjusted gross toll revenue was 1.6% above forecast, up by \$339,287



FY 2020 Projected Sources of Funds

FY 2020



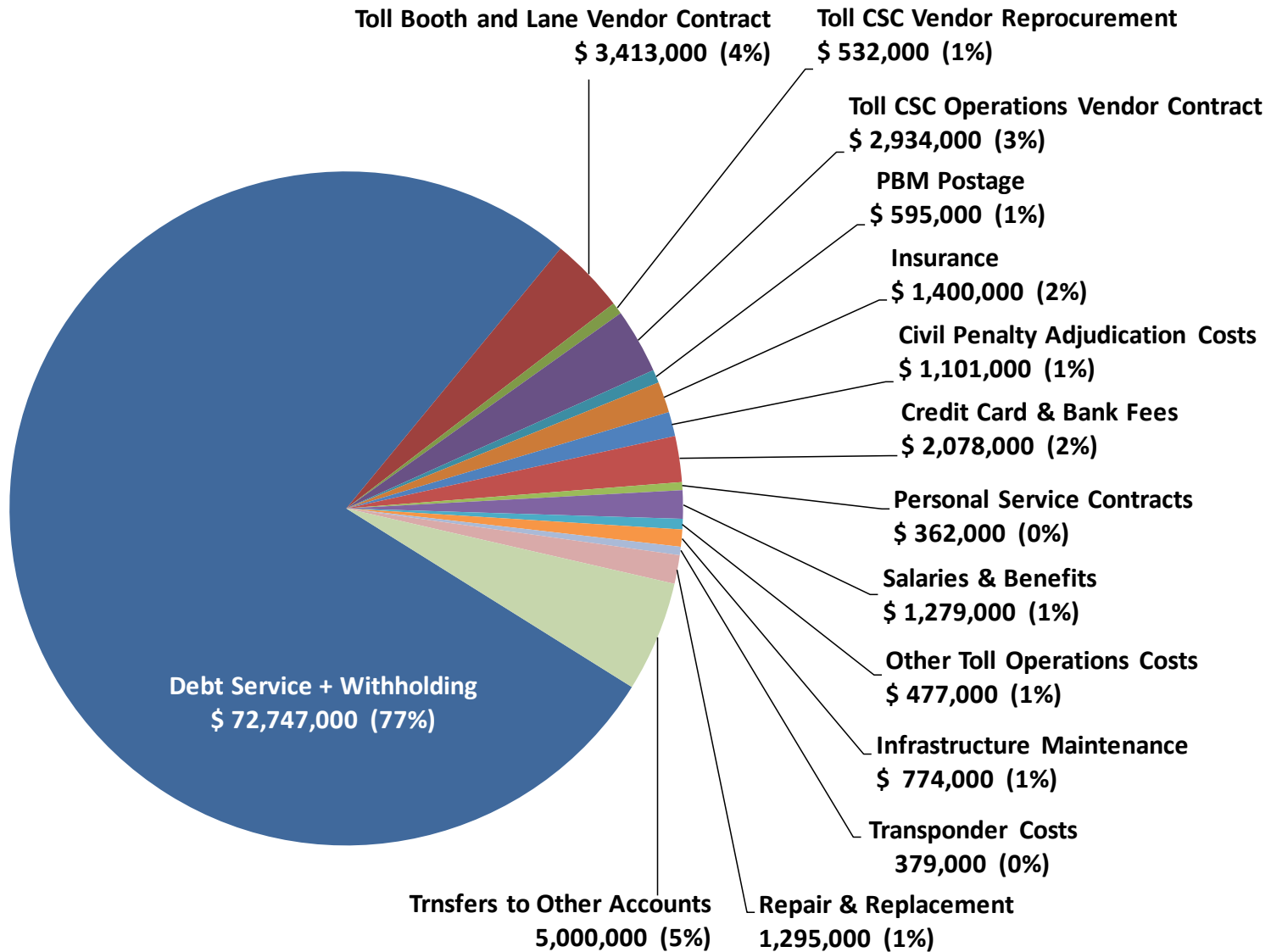
TOLL EXPENSES

Cost Highlights

- TNB share of cost for back office reprocurement has not changed (\$4.95 million over three years), but .5 million shifted to 2020
- Costs for reprocurement of TNB toll vendor and toll collection equipment, as well as facility repair and replacement costs, have also been shifted forward to 2021-2023
- These shifts reduce the amount that must be borrowed from fuel taxes in 2020 to meet sufficiency requirement
- Insurance costs have been coming in below original budget
- Increased use of Pay By Mail has increased postage costs
- Credit card processing fees continue to increase
- 2018 cost projections for facility maintenance are higher than 2017 estimates

FY 2020 Projected Uses of Funds

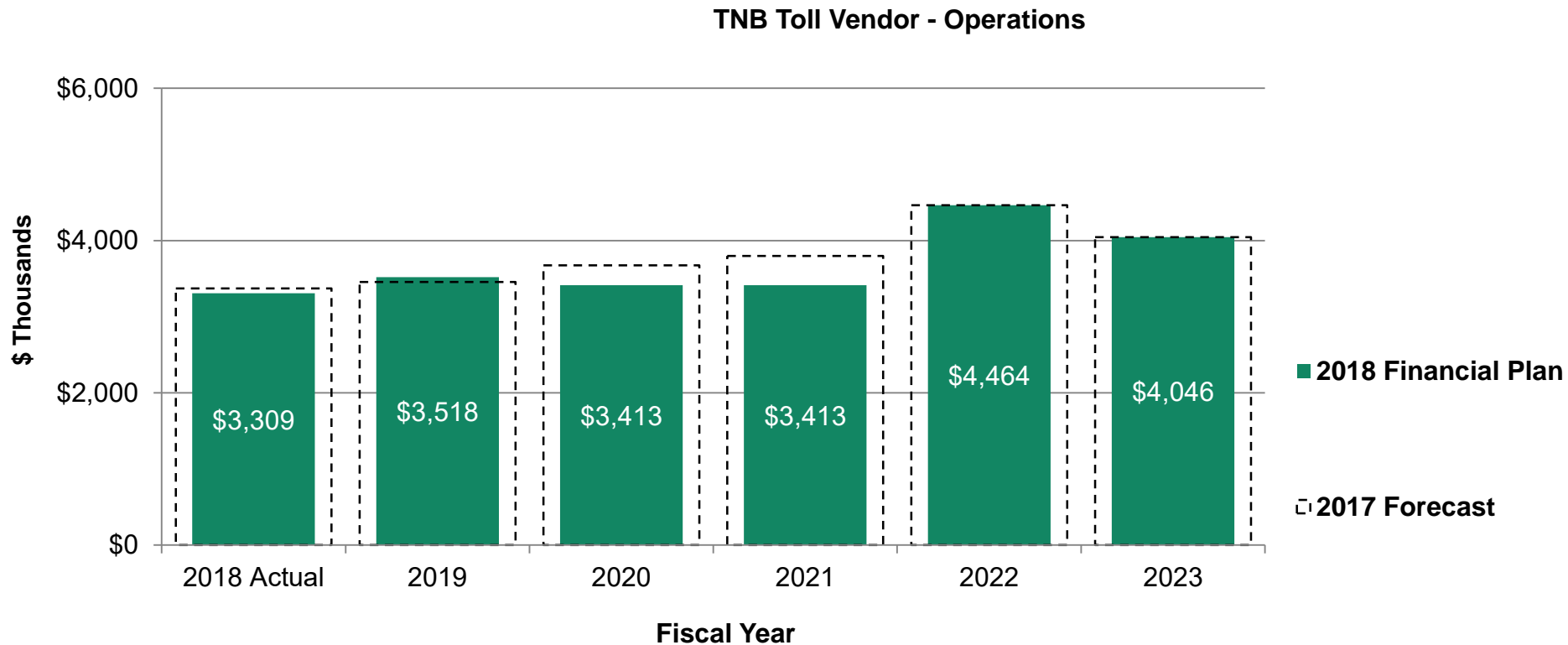
FY 2020



TNB Toll Operations Cost

Toll Collection System and Toll Booth Operation

- Slight reductions in cost for TNB toll vendor compared to 2017 projections
- Future toll operation costs will be defined based on bids for a new toll operator

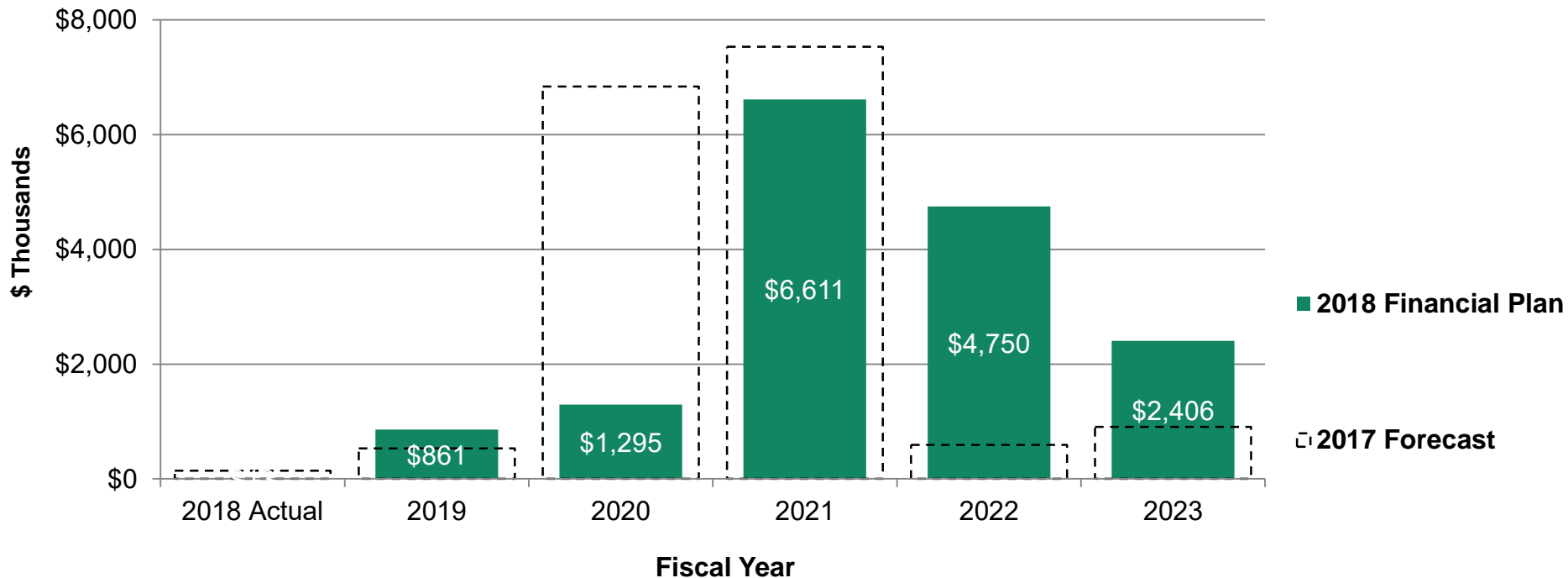


TNB Repair and Replacement Costs

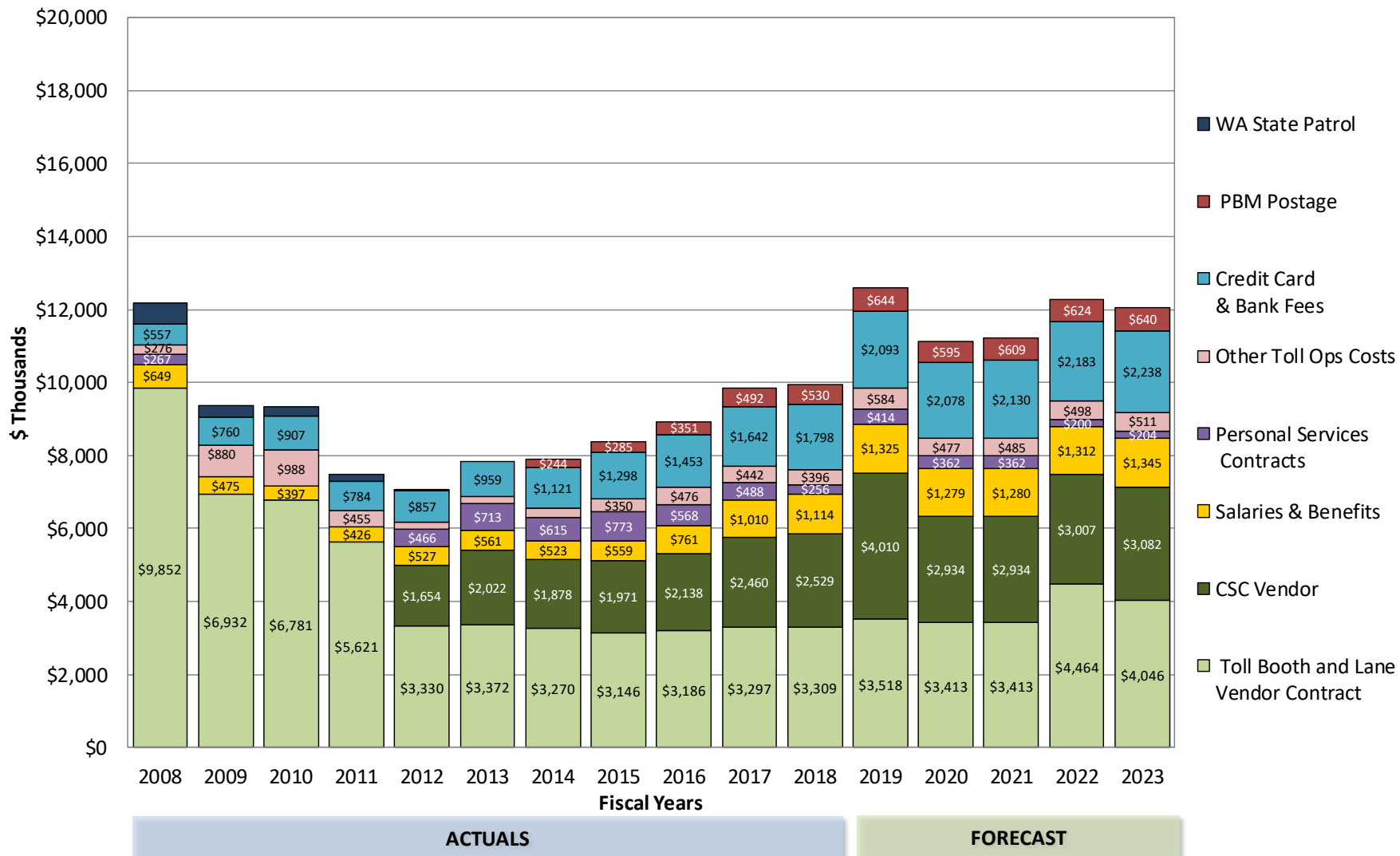
Includes Facility R&R and TNB Toll System Reprocurement

- Cost for TNB toll system replacement and facility R&R projects have been shifted from 2020 to 2021 through 2023, reducing 2020 requirement for fuel tax loan
- Slightly over \$10 million of this cost is devoted to replacing the TNB toll collection vendor

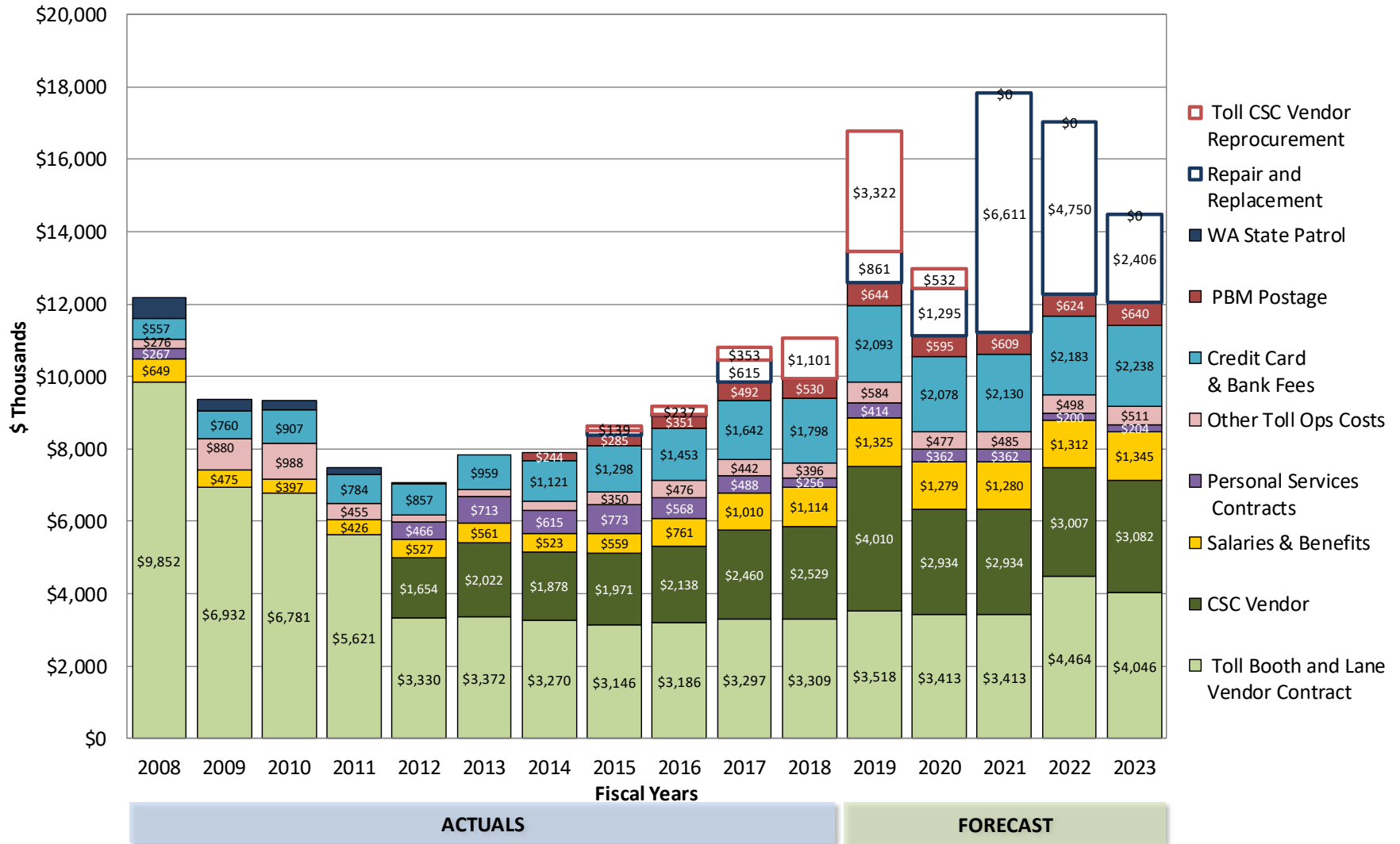
TNB Repair and Replacement, including Facility R&R and Toll Vendor Reprocurement



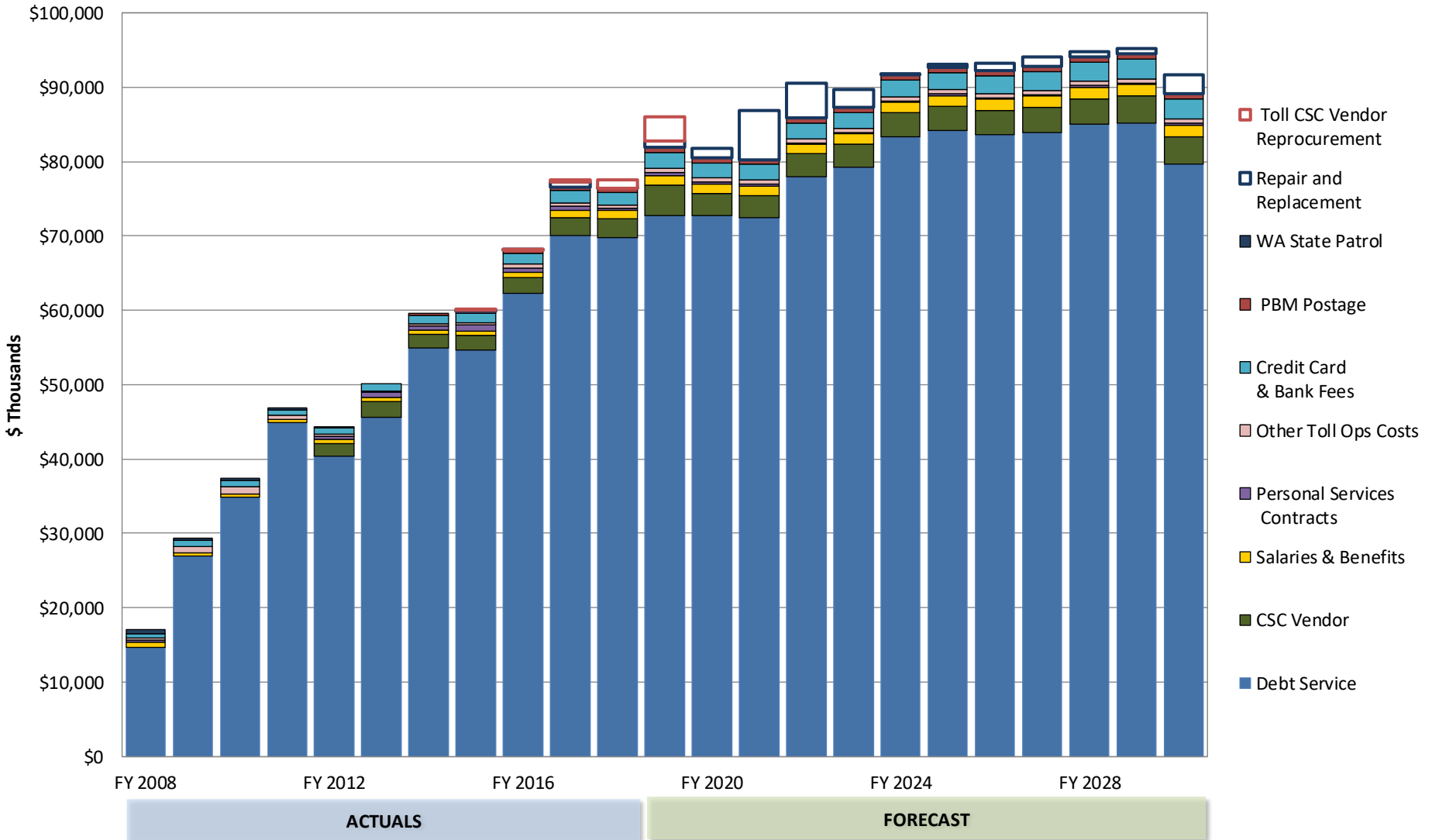
Annual Use of Funds



Annual Use of Funds



All Costs Forecast to FY 2030

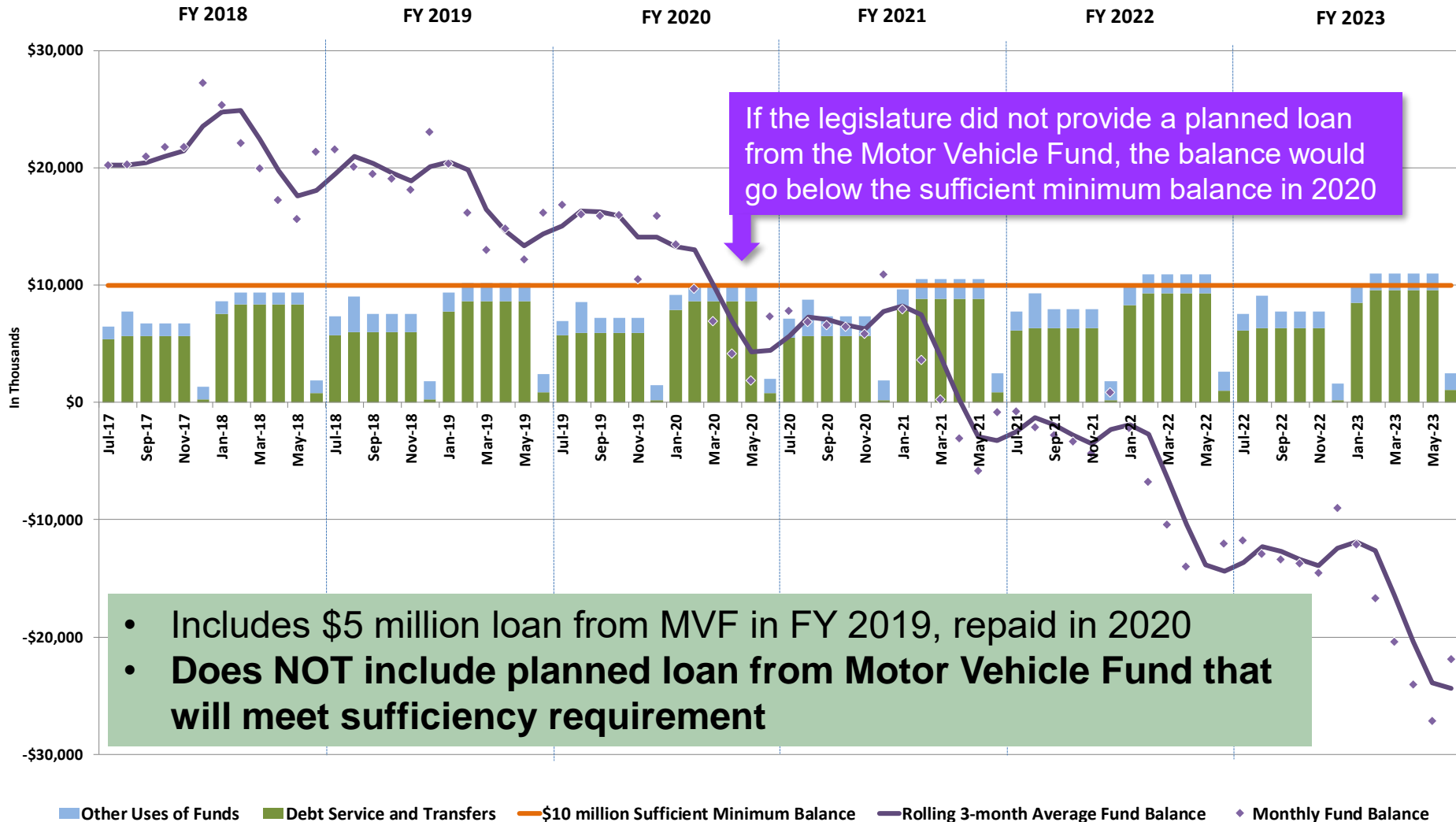


Sufficient Minimum Balance

Rolling 3-month Average

Tacoma Narrows Bridge Fund Balance (\$ Thousands)

Forecast based on TNB Financial Plan



CONTACT

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