

# Washington State Transportation Commission

## **SR 16 Tacoma Narrows Bridge Annual Financial Plan Review**

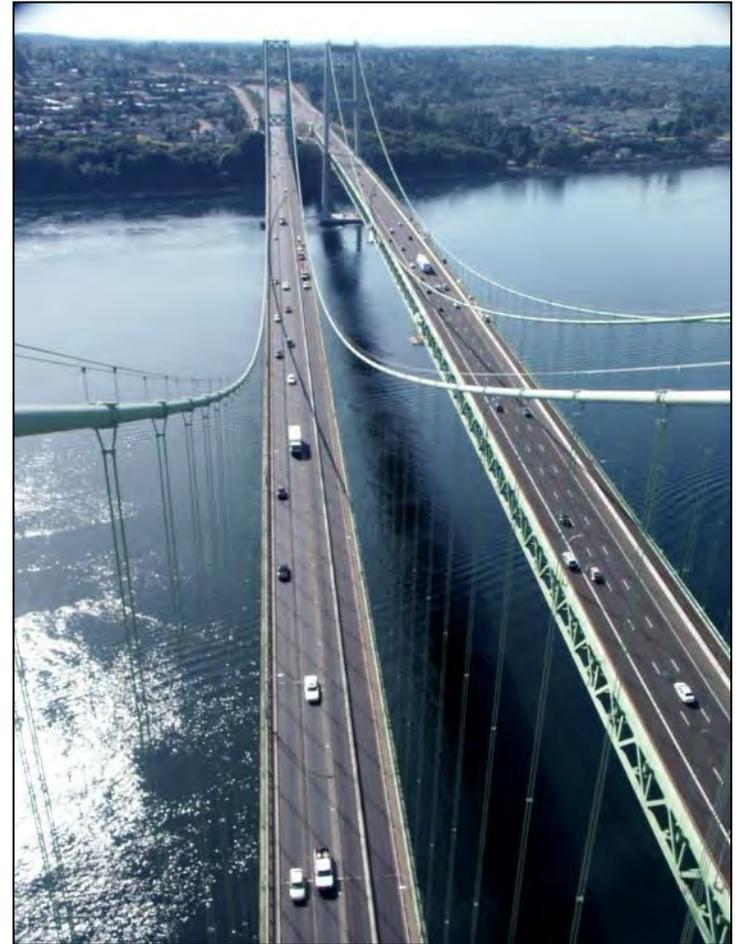
Rob Fellows, WSDOT Policy and Planning Manager

December 12, 2017

# Agenda

## Review FY 2019 Financial Plan

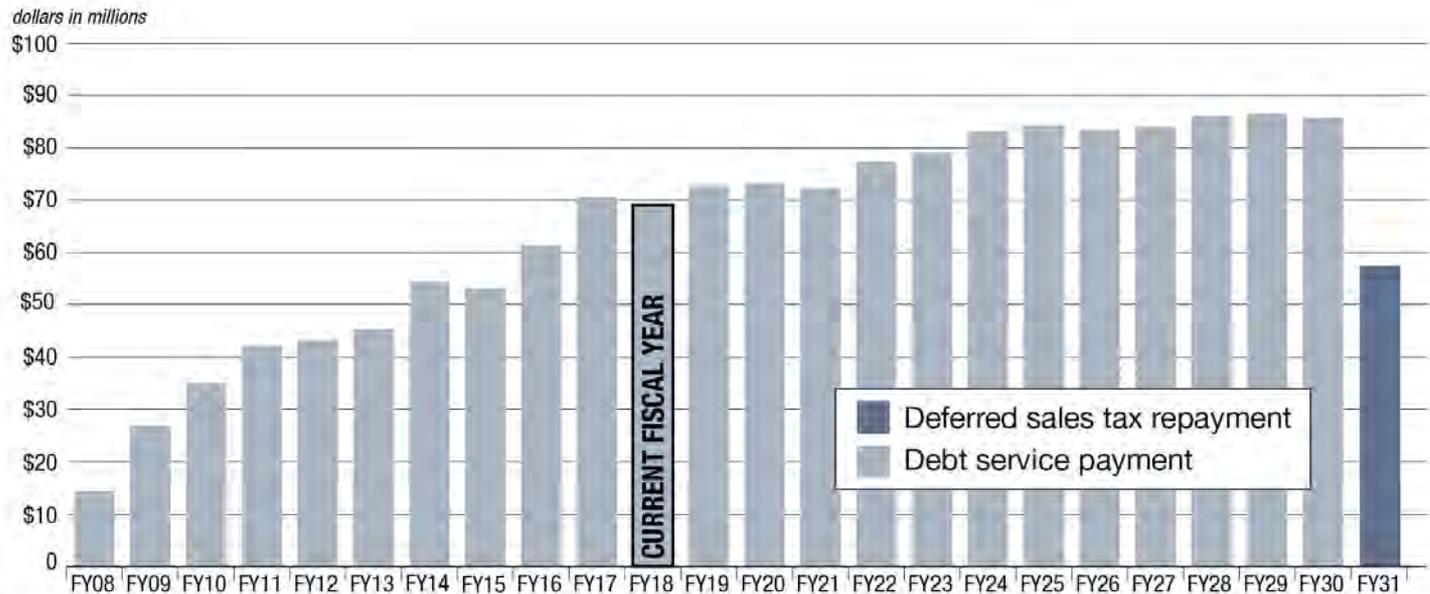
- Context
- Financial Plan overview
  - Debt service
- Traffic and revenue
  - Traffic and revenue highlights
  - Forecast vs. actual traffic and revenue
  - Sources of funds
- Toll collection and facility costs
  - Cost highlights
  - Uses of funds
- Sufficient minimum balance test



# Context

- In 2015 the Transportation Commission made the decision to raise toll rates for all payment methods in two 50 cent steps in July 2015 and 2016
- The 2016 Legislature granted \$2.5 million from gas tax revenues to provide sufficient balance in the Tacoma Narrows Bridge (TNB) account to avoid the planned FY 2017 increase, so rates were not raised in July of 2016 or 2017
- The Transportation Commission told the Citizen Advisory Committee (CAC) they would reconsider the sufficient minimum balance policy over the coming year
- The 2017 Legislature loaned \$5 million in Motor Vehicle Fuel funds to the TNB Account for six months to provide sufficient balance through FY 2019
- The Legislature also directed the Commission to convene a TNB working group to consider and recommend long range legislative options to reduce or eliminate future TNB toll rate increases

# Current 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 |  |  |  |  |
|                     | Cash        | \$3.00 | \$4.00 | \$4.00 | \$5.00 | \$5.25 | \$5.50 | \$6.00 |  |  |  |  |
|                     | Pay By Mail | N/A    | N/A    | \$5.50 | \$6.00 | \$6.25 | \$6.50 | \$7.00 |  |  |  |  |

Does not include capitalized interest

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 to FY 2032.

# TRAFFIC AND REVENUE

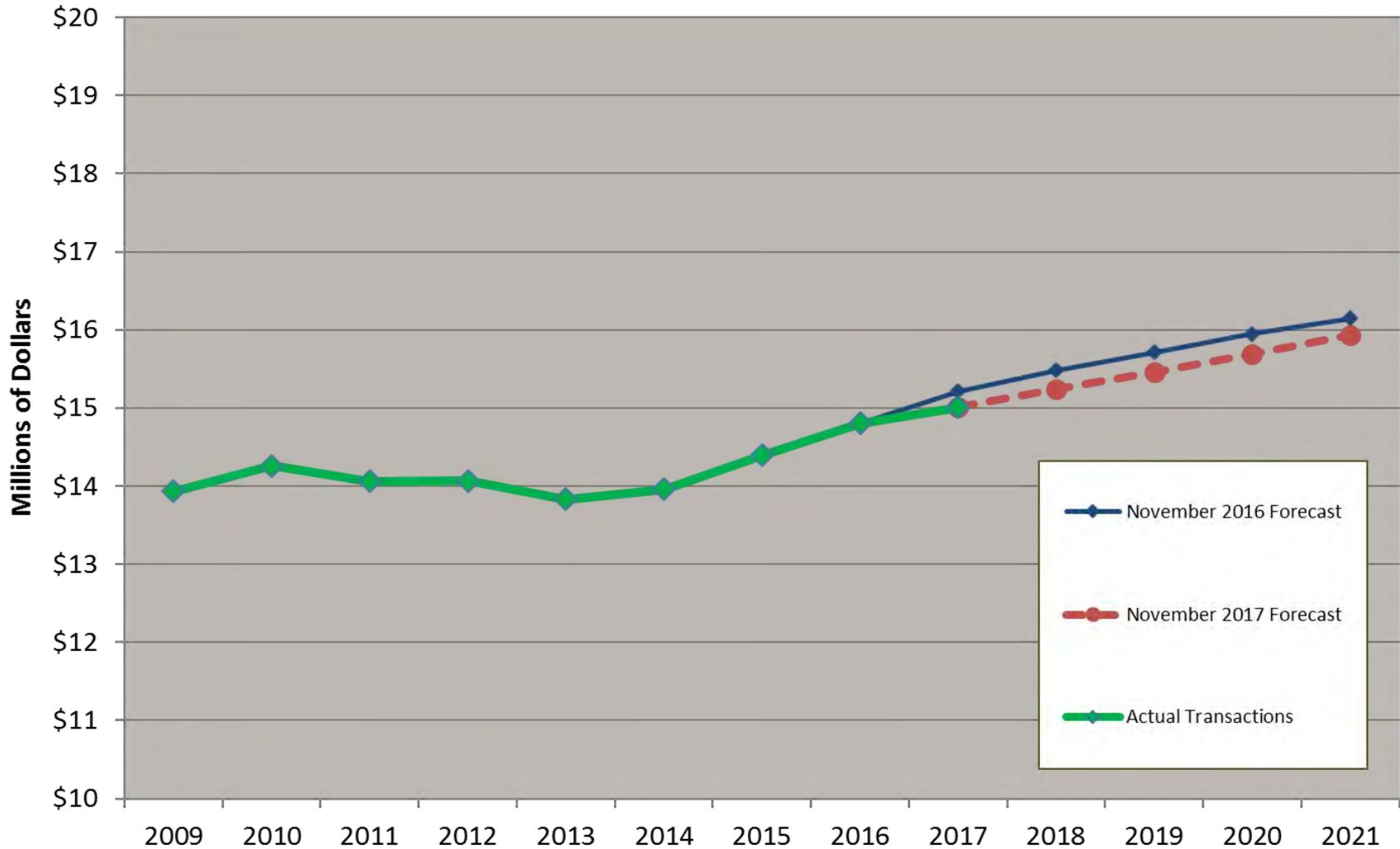
# Traffic and Revenue Highlights

- **FY 2017 traffic was 1.4 percent below forecast**
  - Traffic was up over 2016, but by a smaller amount than expected
  - 1.4 percent is considered a small forecast variance
- The current November 2017 forecasts projects this lower growth rate will continue
- Cumulative toll and fee revenues over the FY 2017-19 biennium in the current forecast are \$2.9 million less than reported in the November 2016 forecast
- FY 2019 Revenue includes a \$5 Million short-term loan from the Motor Vehicle Fund that's repaid in FY 2020

# Forecasted Annual Eastbound Traffic

*In Millions*

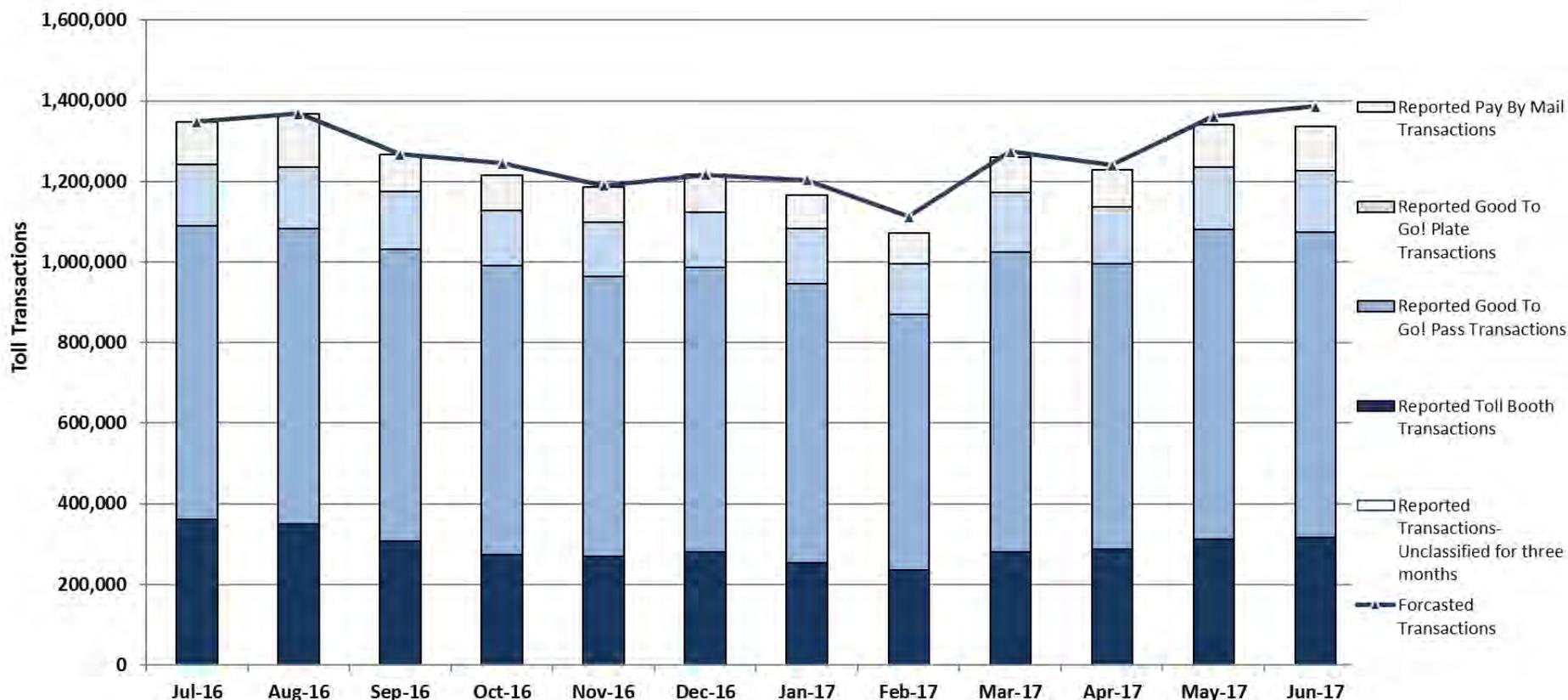
Actual and Forecasted Annual Eastbound Toll Transactions on TNB (in millions)



# TACOMA NARROWS BRIDGE

## FY 2017 FORECASTED AND REPORTED TOLL TRAFFIC

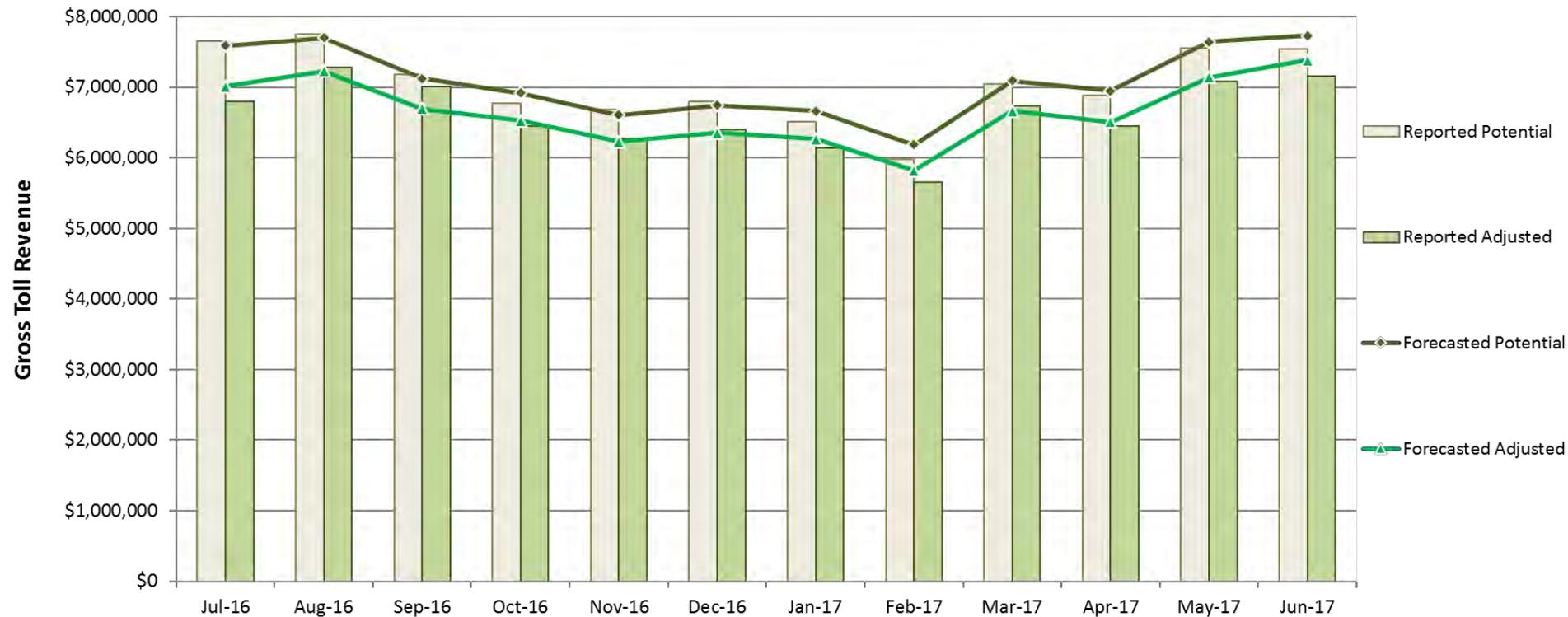
- Total reported toll traffic was near forecast, with a variance of -1.4 percent



# TACOMA NARROWS BRIDGE

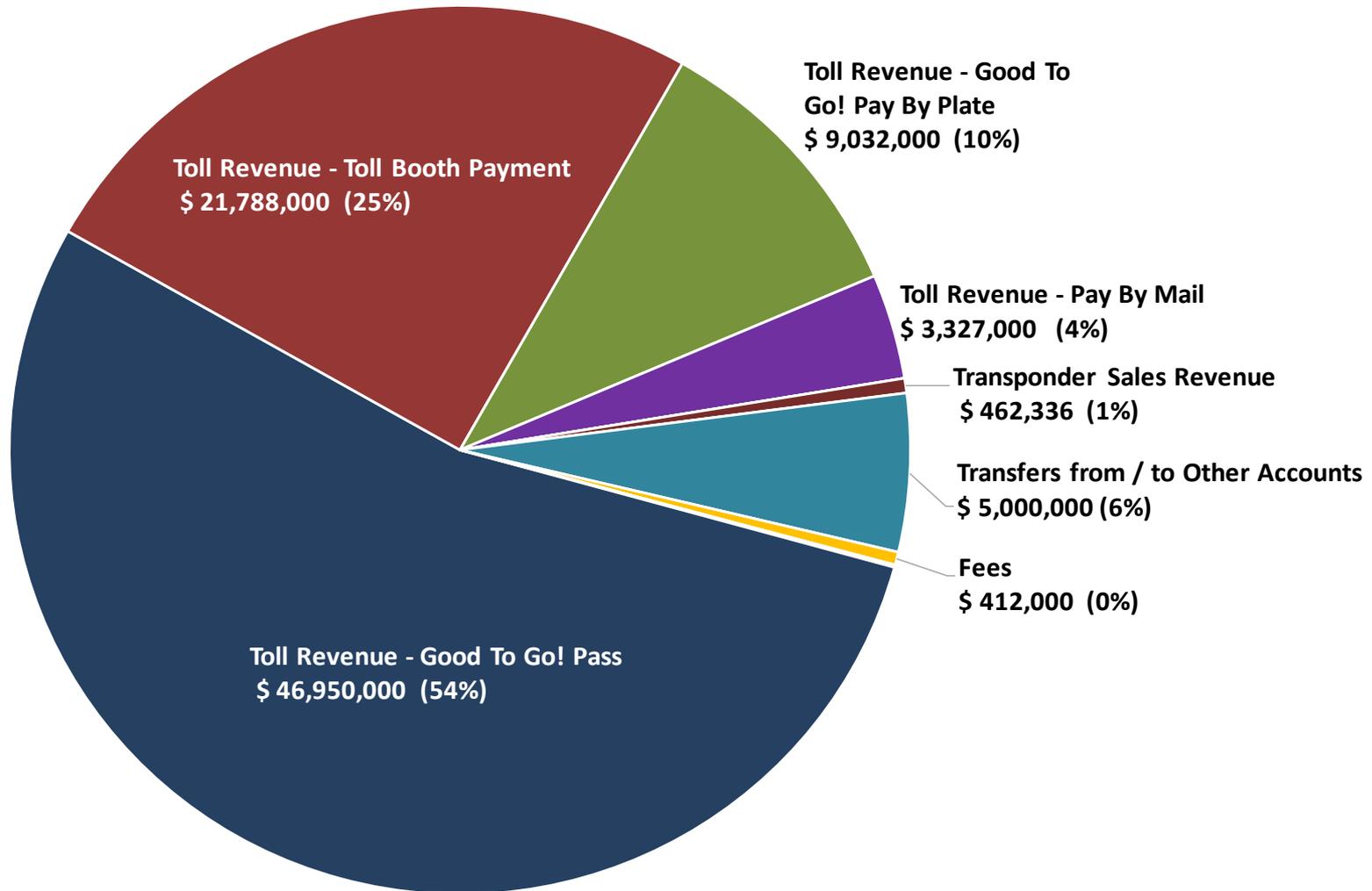
## FY 2017 FORECASTED AND REPORTED GROSS TOLL REVENUE

- Total reported toll revenue was near forecast, with a variance of -0.5 percent



# FY 2019 Projected Sources of Funds

FY 2019



# TOLL COLLECTION AND FACILITY COSTS

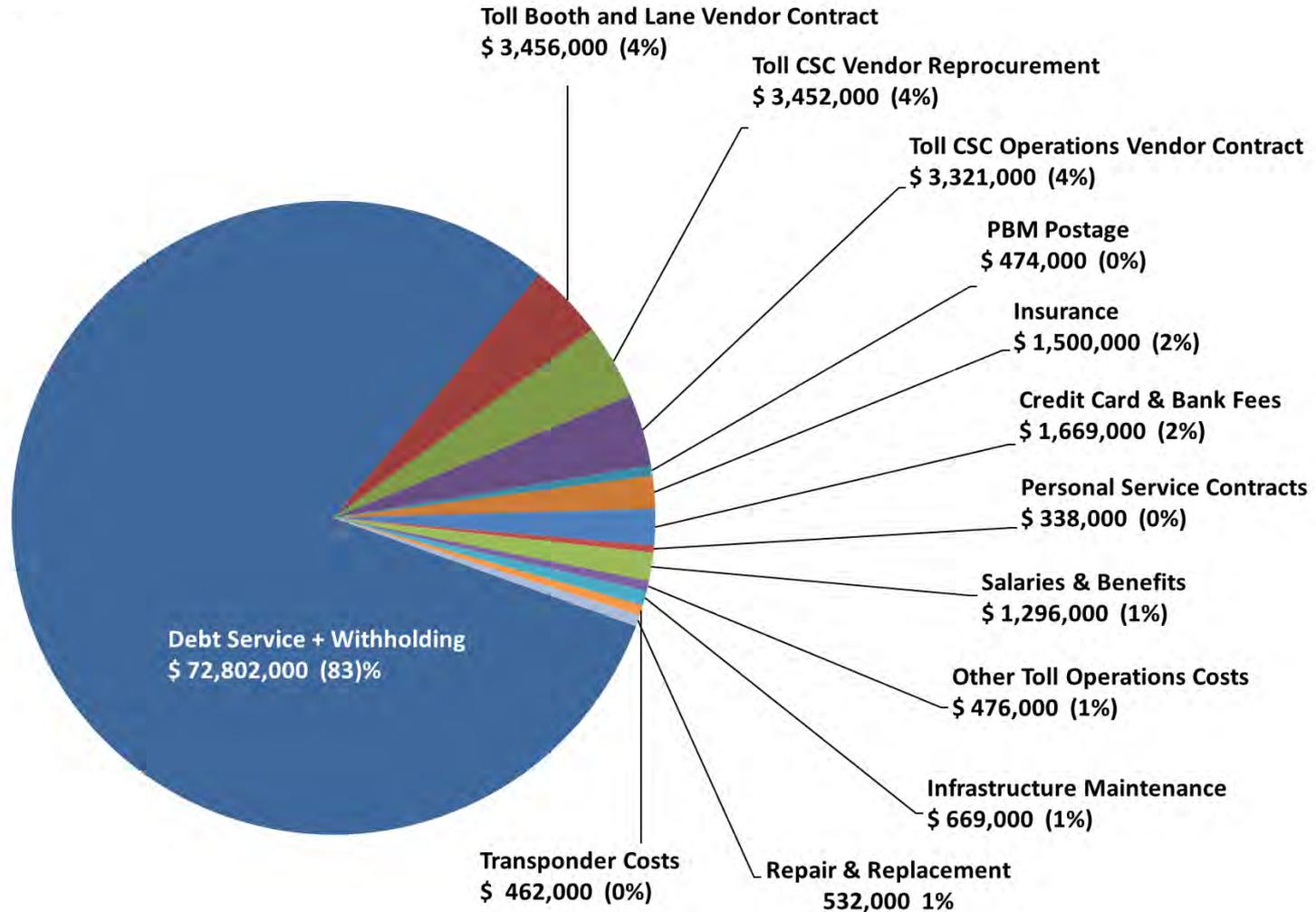
# Cost Highlights

**Cost changes for FY 2018 and 2019 from previous year's financial plan include biennium expenditures up by \$1.5 million**

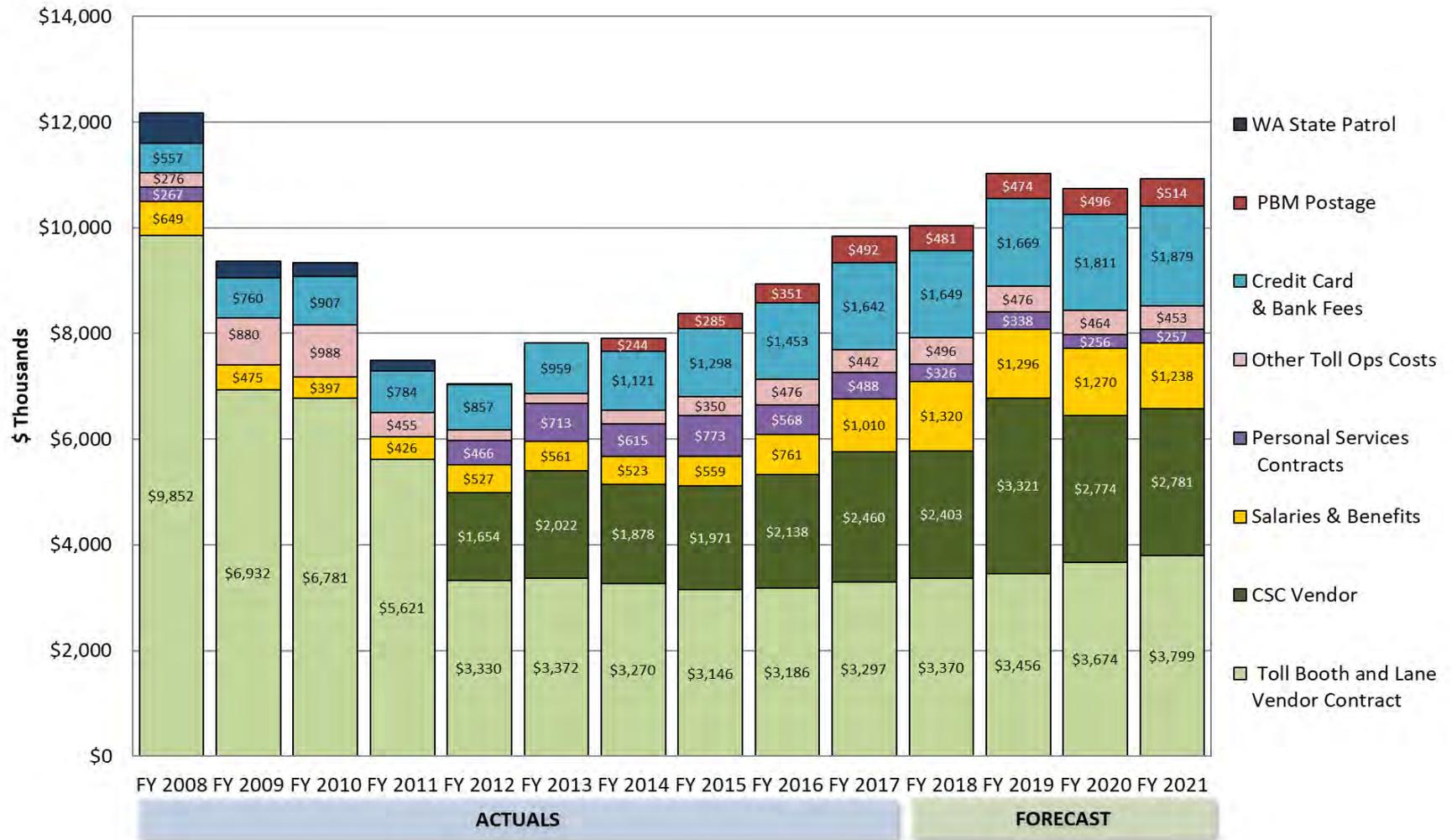
## **Looking out to 2021:**

- Repair and replacement of toll equipment such as cameras and toll readers is needed at the mid-point of toll collection on the bridge (unchanged from last year's financial plan)

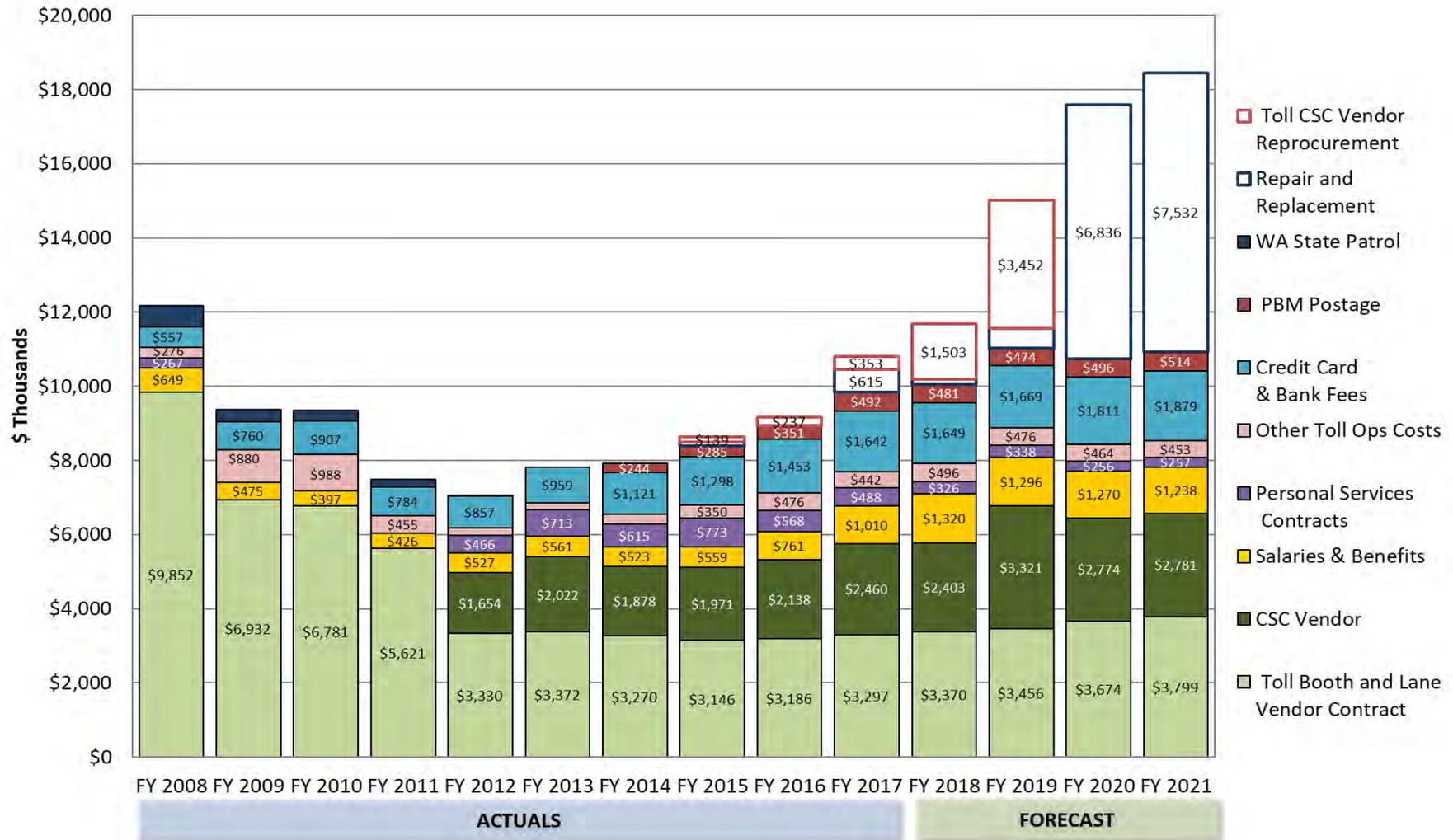
# FY 2019 Projected Uses of Funds



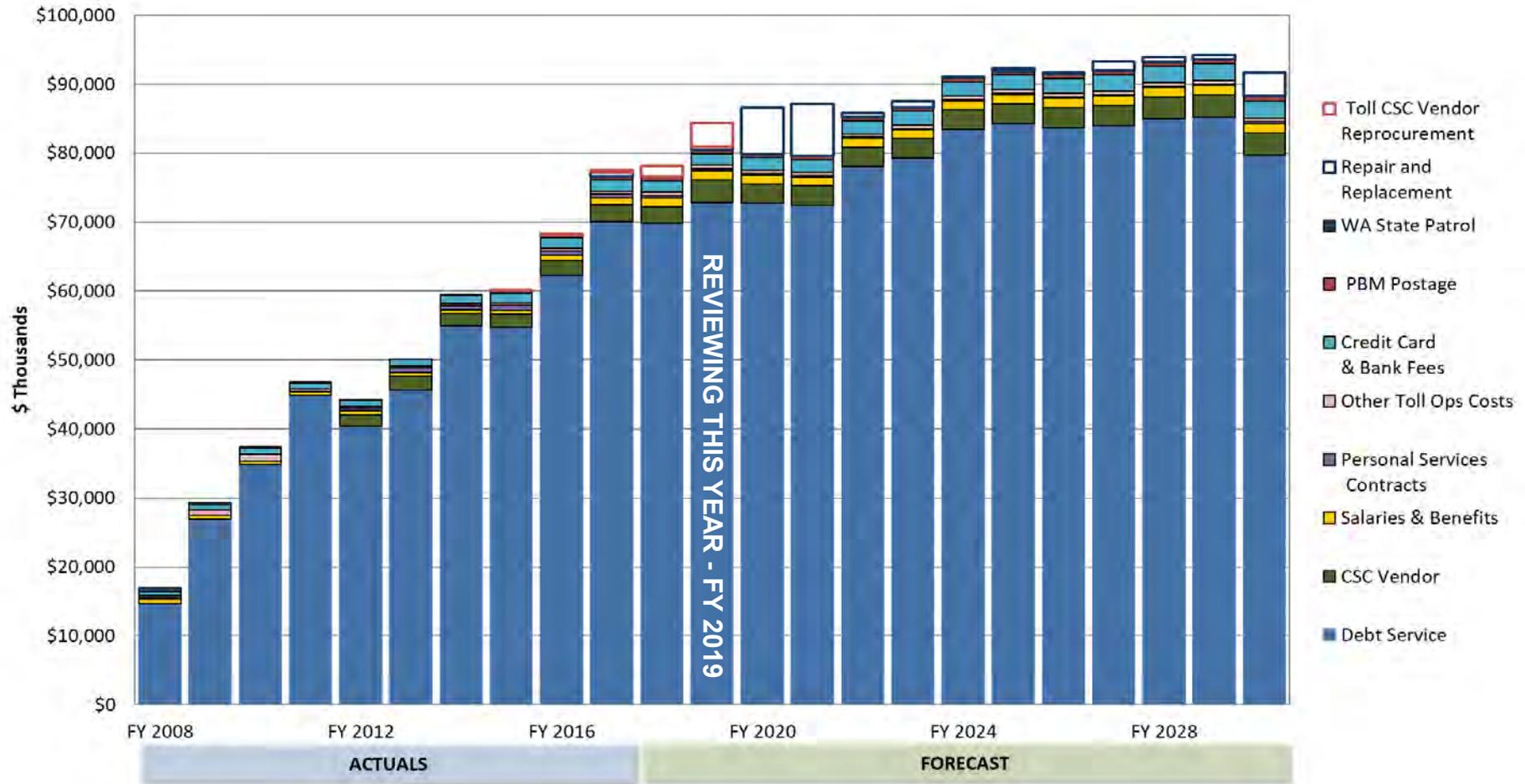
# Annual Use of funds – Operations



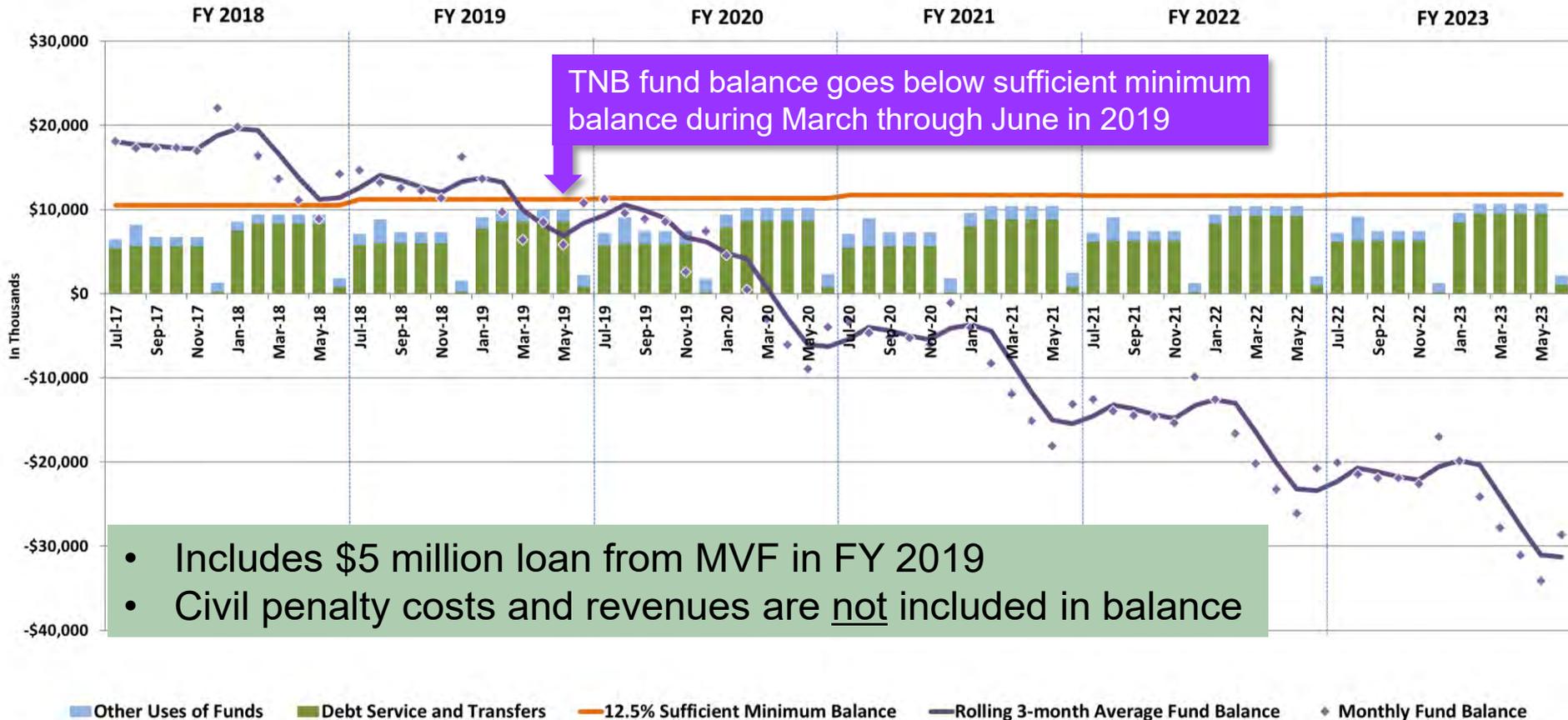
# Annual Use of funds – Operations plus Toll Systems Replacement



# All Costs Forecast to FY 2030



# Sufficient Minimum Balance Rolling 3-month Average



# Policy Considerations for FY 2019

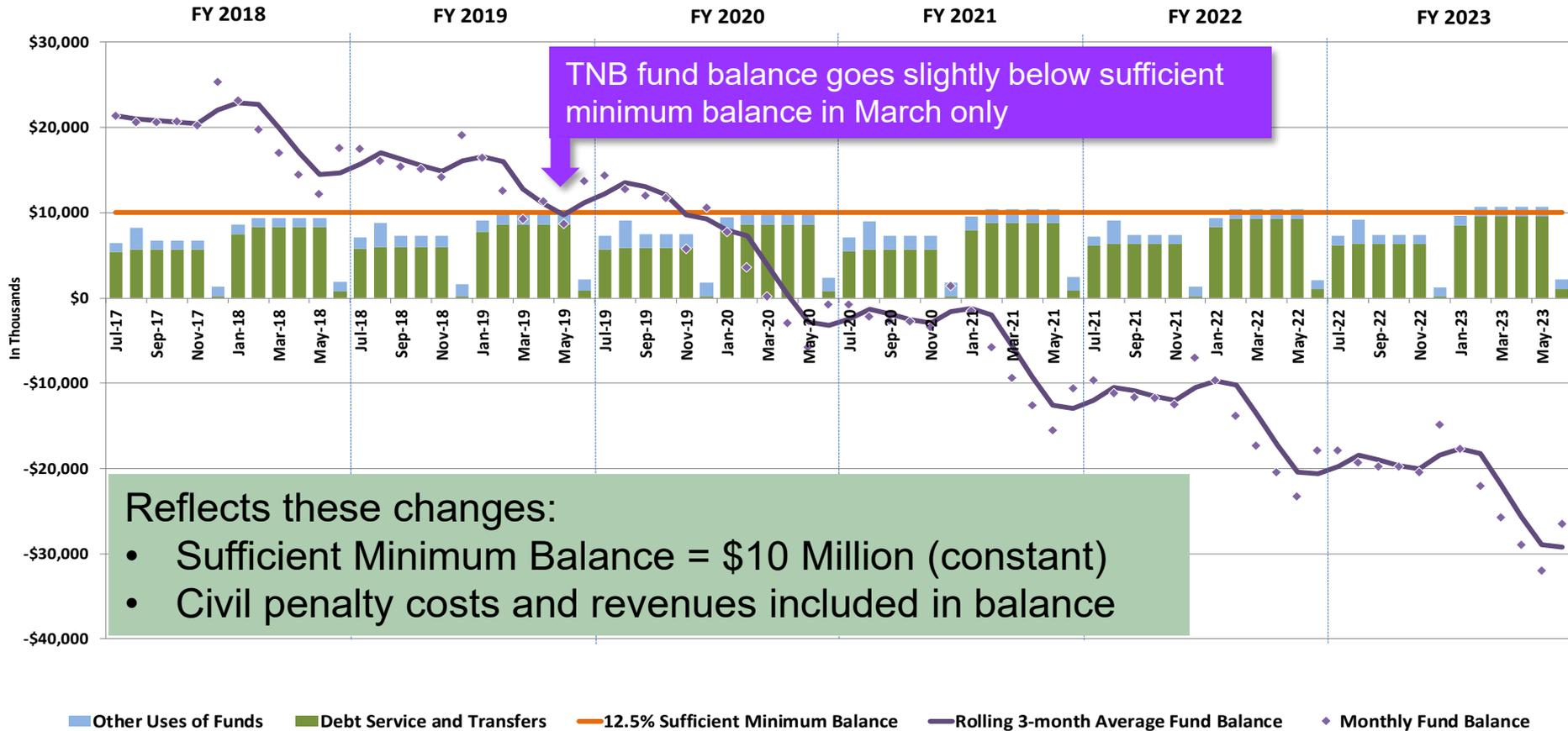
**In order to maintain fund sufficiency at current toll rates through FY 2019, the following policy options could be considered individually or in whole:**

- Allow the 3-month rolling fund balance to dip below the defined SMB
- Redefine the Sufficient Minimum Balance to \$10 million
- Utilize Civil Penalty Revenue in the definition of revenue allowable to pay debt service, therefore closing the gap between the fund balance and SMB

# Effect of Alternative Sufficient Minimum Balance Policy

Tacoma Narrows Bridge Fund Balance (\$ Thousands)

Forecast based on TNB Financial Plan



# CONTACT

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