

Tacoma Narrows Bridge Annual Financial Plan Review

Annual Financial Plan Review WSTC Briefing Presentation

Pani Saleh, Director of Toll Business Administration

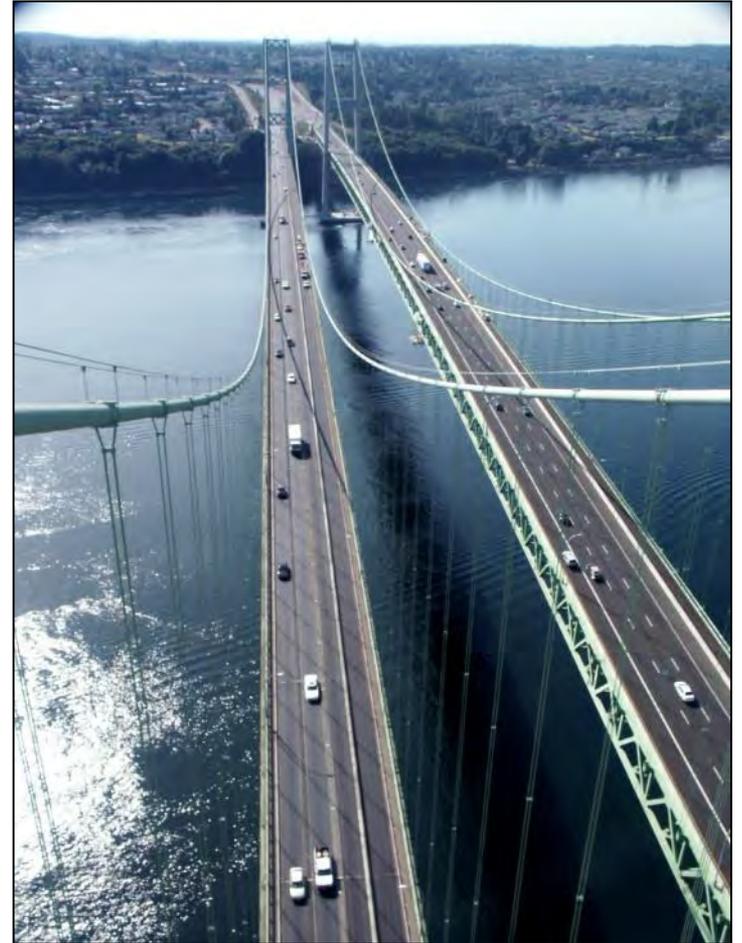
Rob Fellows, Toll Planning and Policy Manager

January 14, 2020

Agenda

Review Financial Plan for FY 2021

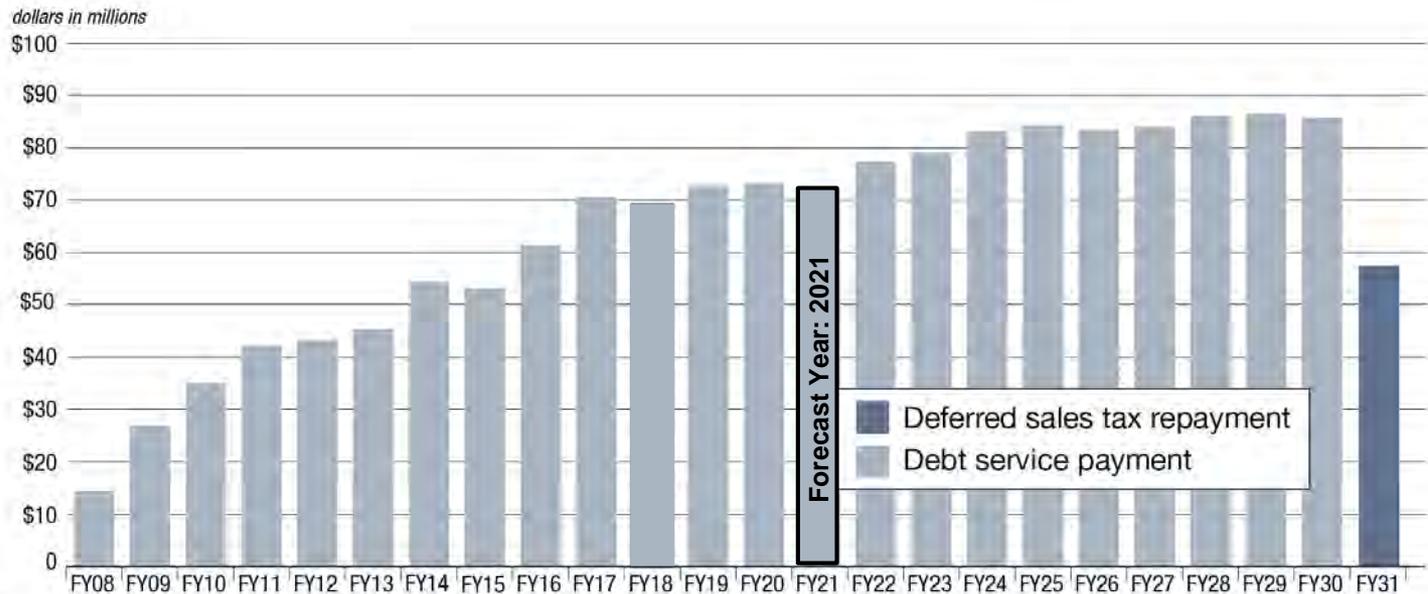
- Context
- Financial Plan overview
 - Debt service
- Traffic and revenue
 - Traffic and revenue highlights
 - Forecast vs. actual traffic and revenue
 - Sources of funds
- Toll collection and facility costs
 - Cost highlights
 - Uses of funds
- Sufficient minimum balance test



Context – Looking ahead to FY 2021

- The 2018 Legislature passed SHB 2990, which declares legislative intent to maintain current toll rates on the Tacoma Narrows Bridge through FY 2022, and limit the increase in 2022 and thereafter to 25 cents.
 - Up to \$85 million could be loaned from the motor vehicle fund
 - Repayment begins after debt service is fully paid
- Assuming these transfers occur, no rate-setting is likely needed until 2021 for tolls beginning in fiscal year 2022
- At the midpoint of TNB tolling, the TNB toll collection vendor contract needs to be competitively rebid and the equipment must be replaced starting this year

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.
- Loans authorized by SHB 2990 and deferred sales taxes will be repaid by FY 2031

TRAFFIC AND REVENUE

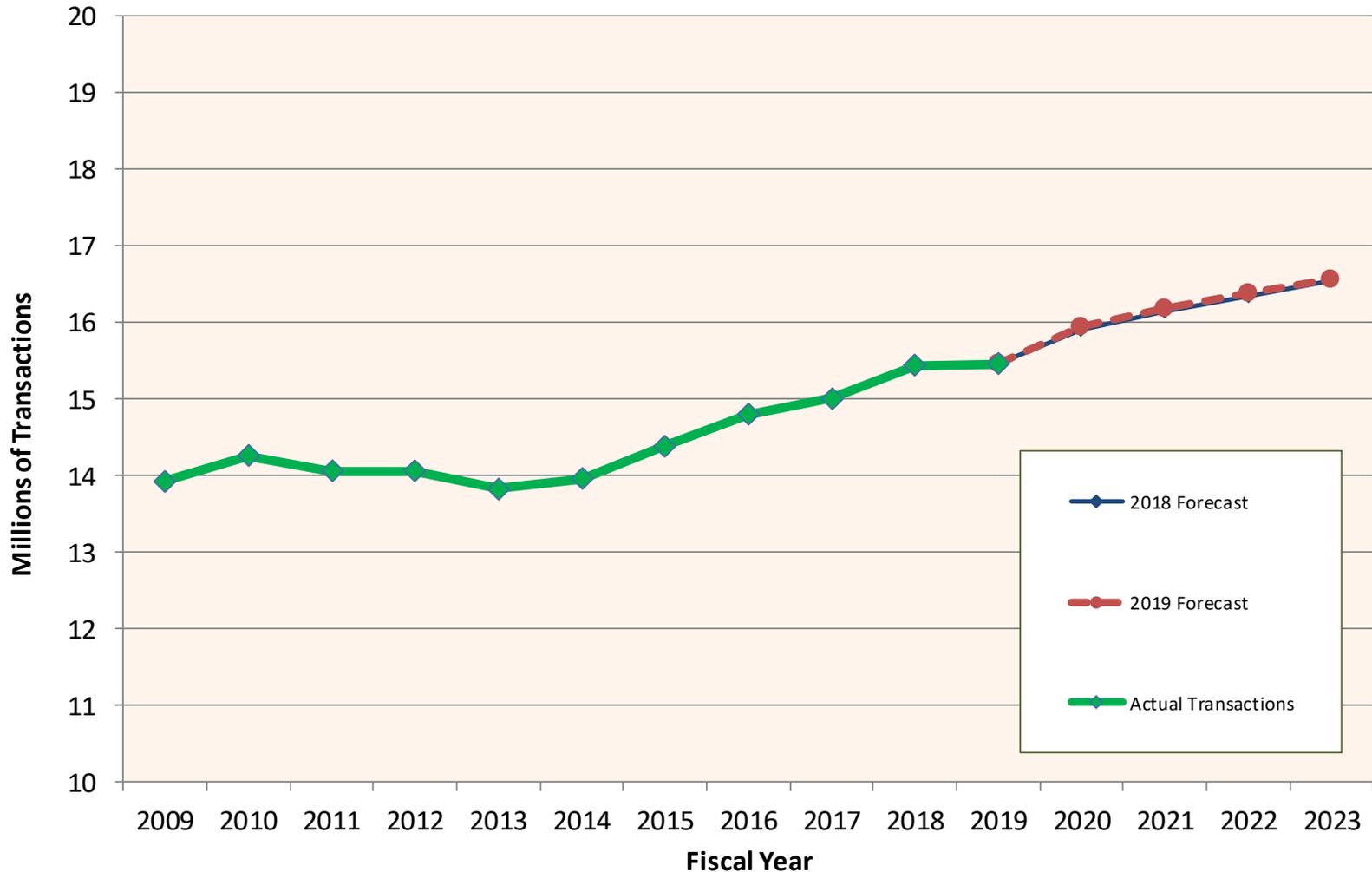
Traffic and Revenue Highlights

- Due to ten days of snowy weather, traffic in February 2019 was 13.6% below forecast
- Despite that, total annual toll transactions were in line with the forecast:
 - FY 2019 toll transactions were 15.5 million, 0.5% below forecast
 - Total reported adjusted gross toll revenue was 1.4% above the forecast, up by \$1.2 million
- Year-end, one-time account adjustments in June increased the adjusted gross revenue

2018 and 2019 Traffic Forecast Comparison

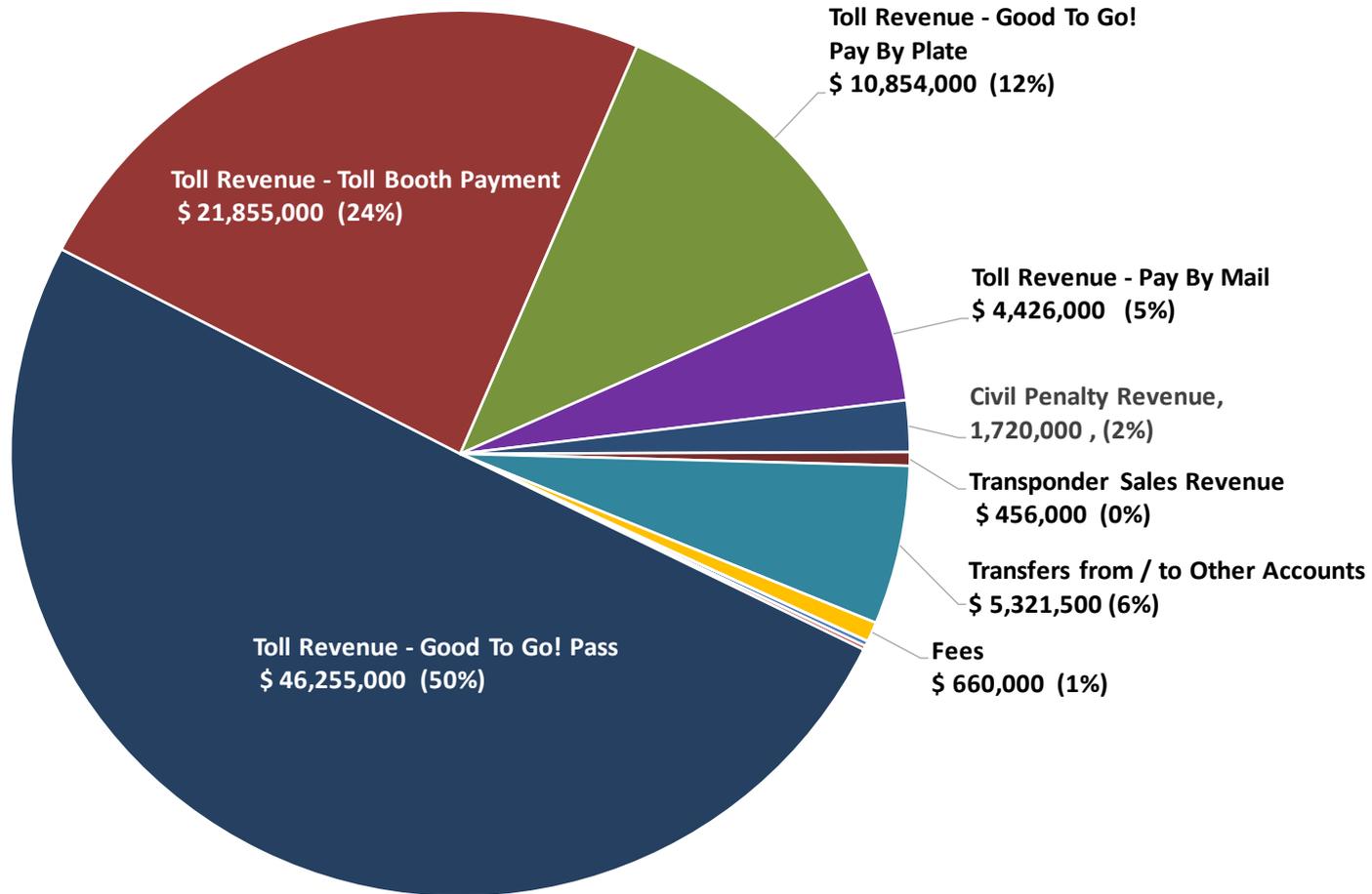
Millions of Transactions – Eastbound on Bridge

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



FY 2021 Projected Sources of Funds

FY 2021



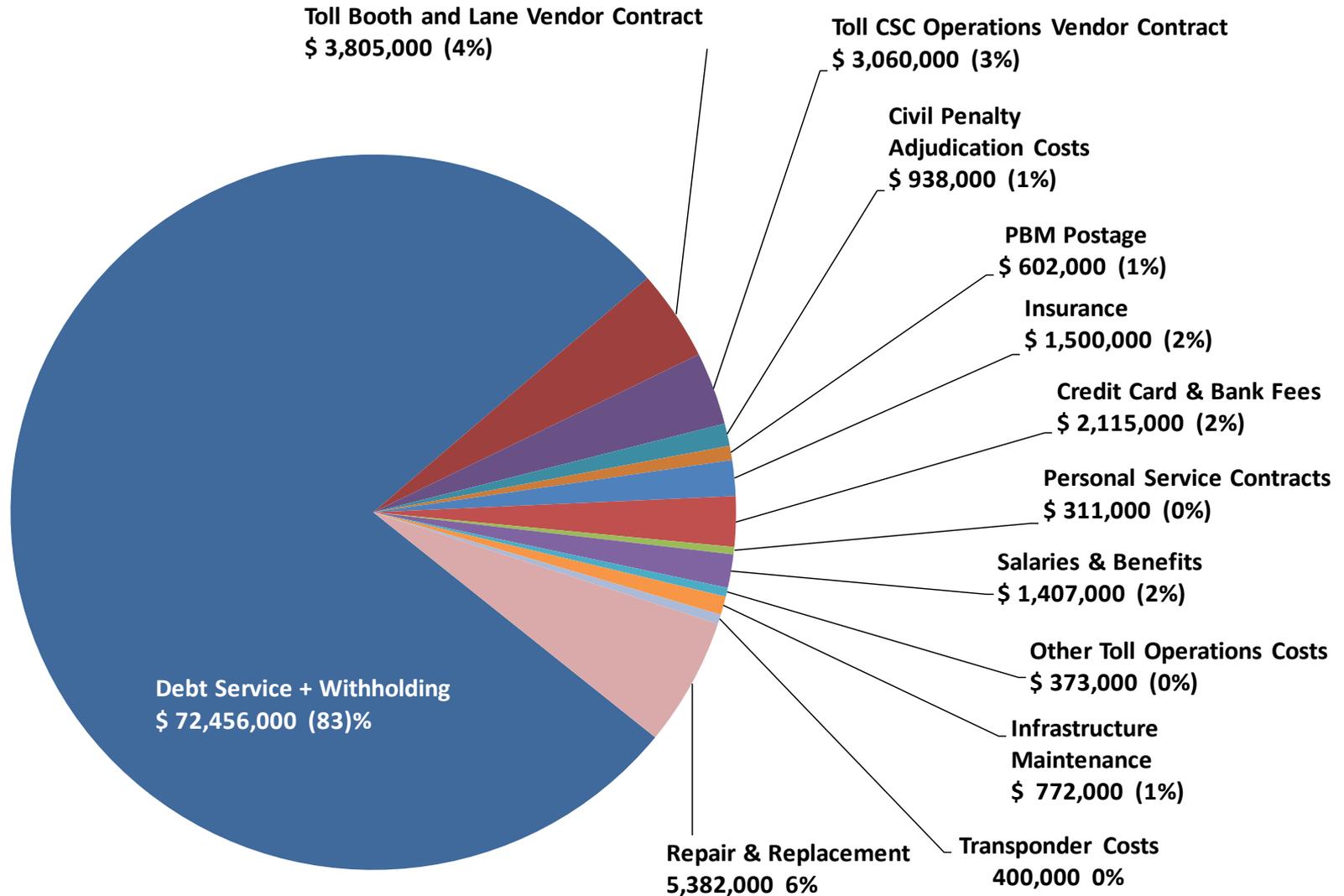
TOLL EXPENSES

Cost Highlights

- \$1.6M toll lane system costs are advanced from 2021-23 biennium to 2019-21 biennium
 - Overall lane system project costs are slightly reduced by \$200K
- Next CSC reprourement project previously planned for the late 2020's timeframe are removed from TNB's expenditure plan
- FY 2021 Toll operation costs increase slightly from last year's estimate (\$130K/year)
 - Cost increases are driven by toll lane O&M, CSC operation, and state costs
 - Those increases are partially offset by adjudication cost reduction
- Facility maintenance costs increased slightly, less than \$35,000 per year on average

FY 2021 Projected Uses of Funds

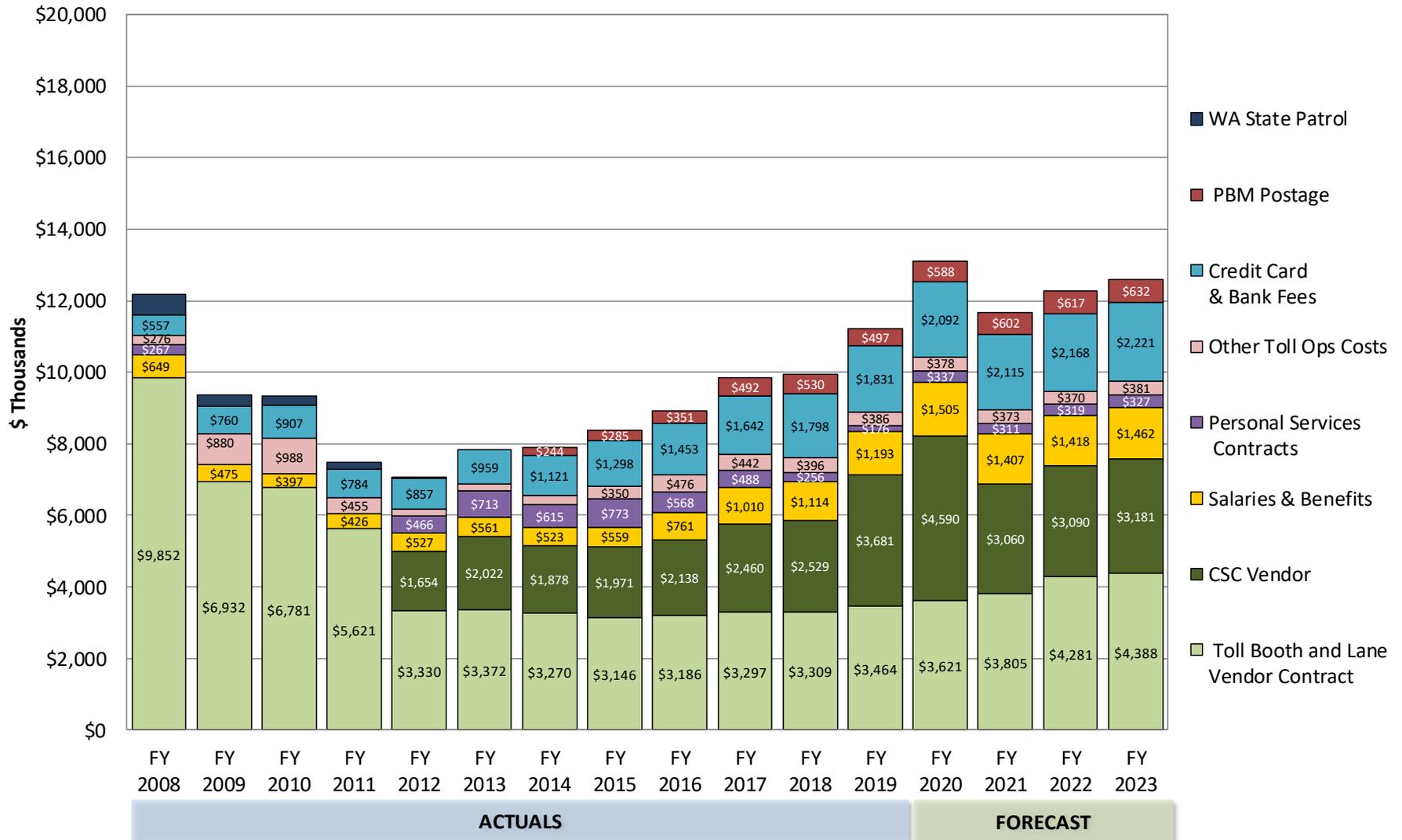
FY 2021



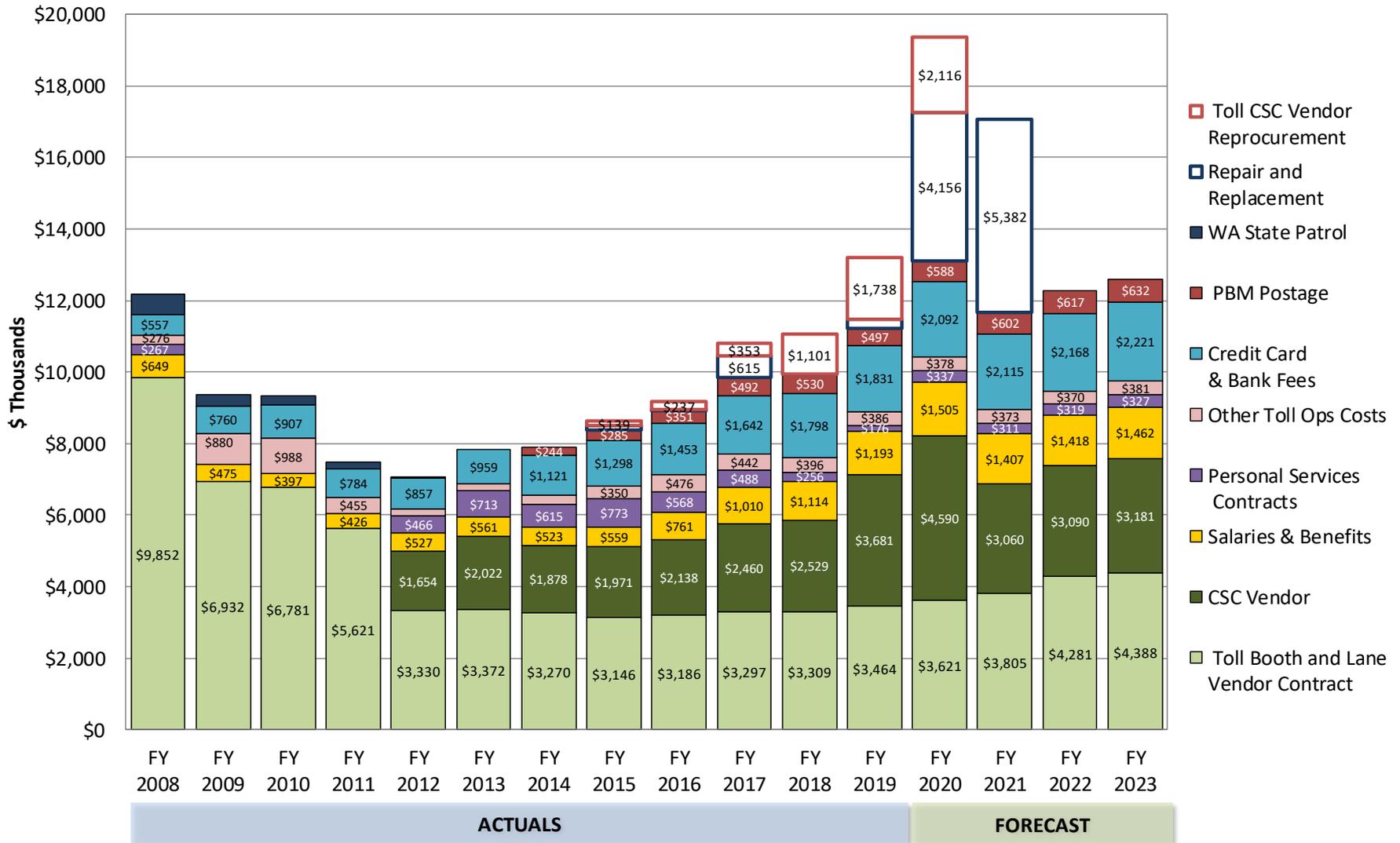
TNB Toll System Reprourement Status

- With the system reaching the end of its operational life in 2021, and the existing contract nearing the end of term, the system needs to be replaced
- The TNB RFP effort began in FY20 with a planned release in spring 2020
- The transition to a new vendor will occur in 2021
- Customers may see changes such as more self-service options or automation, depending on successful bidder's proposal
- As part of the RFP, we will be asking for two prices:
 1. a baseline cost with no operational or technical efficiencies
 2. a second cost with those efficiencies incorporated to see how it lowered costs

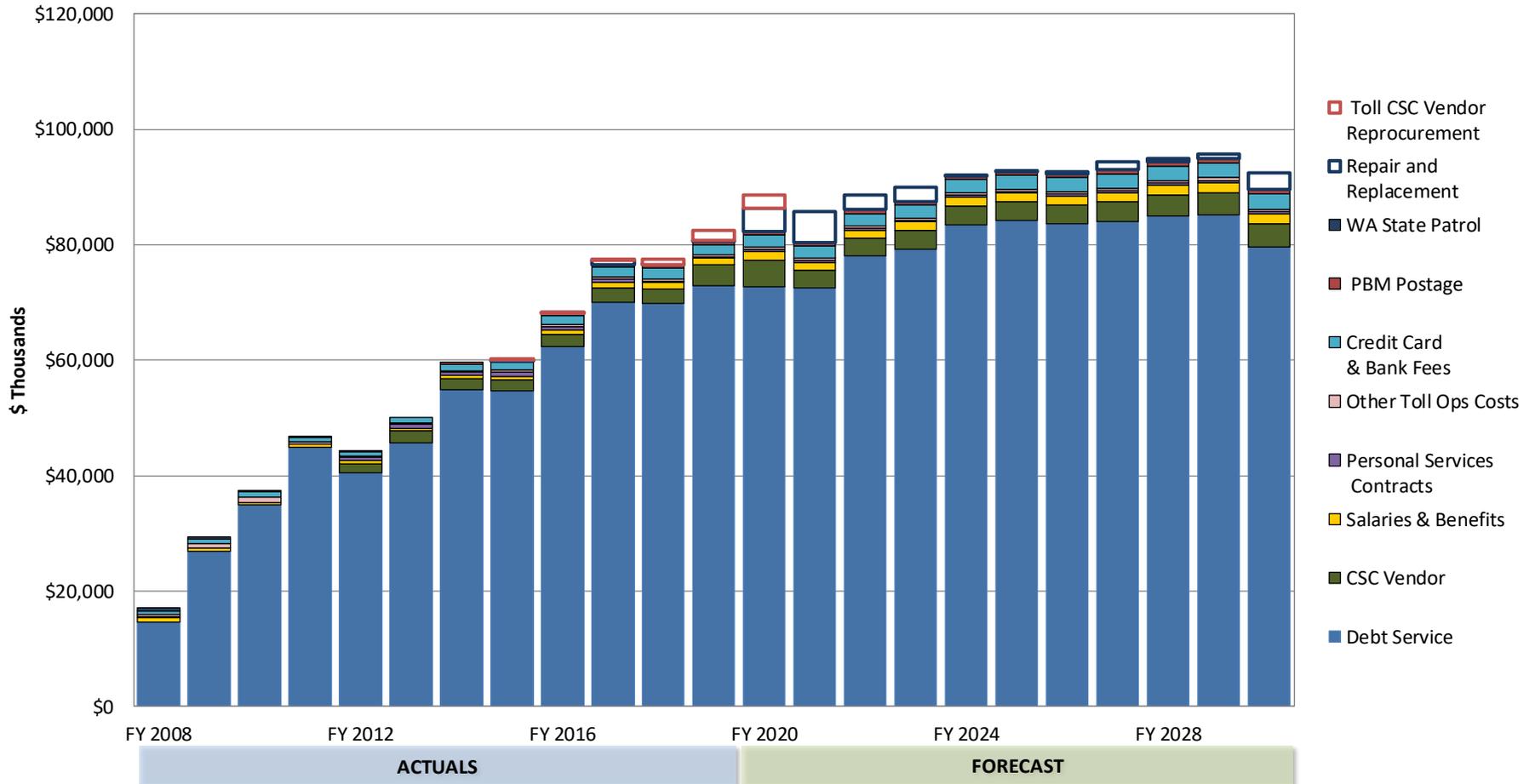
Annual Use of Funds



Annual Use of Funds



All Costs Forecast to FY 2030



Fund Balance

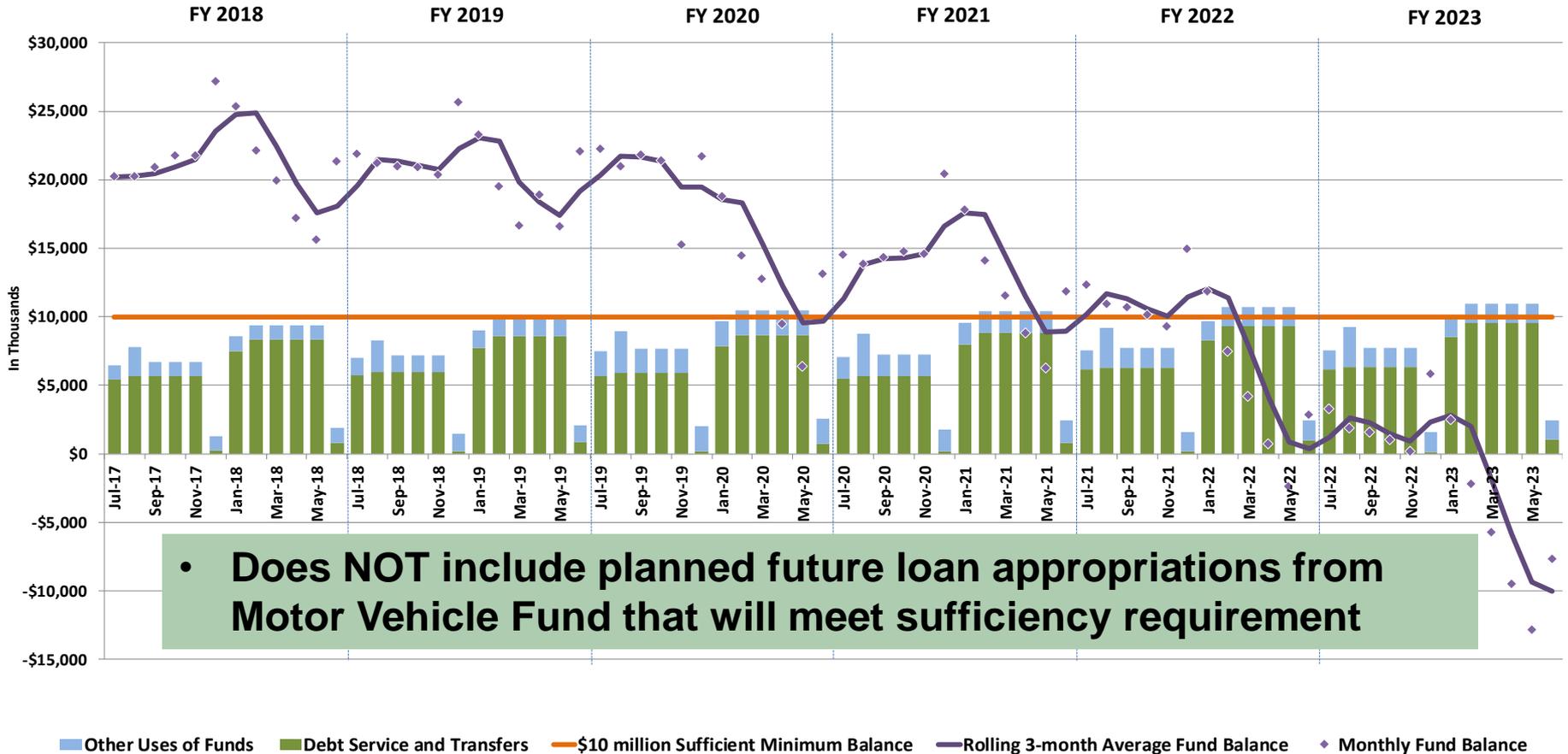
- For 2019-21 biennium, we don't see the need to raise TNB toll rates
- The ending fund balance in FY 2021 is expected to be \$11.84M
- The lowest three-month rolling average fund balance is \$1.1M below the \$10 million SMB requirement
 - \$1.2M of facility R&R costs will likely be cancelled
 - Assuming that's the case, the SMB would remain above the \$10M requirement through the whole 2019-21 biennium
- After removing the \$12.5M loan transfer impact, the ending fund balance in FY 2021 in the updated financial plan is estimated to be \$189K higher than the FY 2021 ending fund balance in last year's plan
- Long-term fund balance also improves, benefiting from the removal of the next round of CSC system replacement costs, now scheduled to go-live in FY 2030

Sufficient Minimum Balance

Rolling 3-month Average

Tacoma Narrows Bridge Fund Balance (\$ Thousands)

Forecast based on TNB Financial Plan



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