Tacoma Narrows Bridge
Sufficient Minimum Balance Update

Carl See
Senior Financial Analyst
Washington State Transportation Commission

May 19, 2020
WSTC Commission Meeting
TNB Sufficient Minimum Balance Policy

• The SMB requirement is a WSTC policy that requires the TNB Account maintain a minimum fund balance

• What is the SMB’s purpose?
  – Buffer against unexpected revenue loss not covered by the TNB insurance policy.

• How much is the required minimum fund balance?
  – The TNB Account must have an average fund balance of at least $10 million over the past three months to remain in compliance.
  – Rolling 3 month average of fund balance used as measure for SMB compliance to address expected fluctuations of the fund balance.
TNB Sufficient Minimum Balance Status

• As intended, the SMB policy has provided a buffer against this unexpected revenue loss, but the fund balance is being depleted.

• COVID-19 impacts have stressed the TNB Account fund balance despite SMB
  – Traffic loss of 30-40% below expectations has led to steep revenue declines, while costs remained largely stable.
TNB Sufficient Minimum Balance Status

- Fund balance is in compliance with the SMB policy through April 2020, but may be out of compliance by end of current fiscal year (thru June 2020).

- Fund balance at risk of being negative during the current biennium (through June 2021) with COVID impacts.
TNB Sufficient Minimum Balance Status

Tacoma Narrows Bridge Rolling 3 Month Average Fund Balance ($ Thousands)
Based on TNB Financial Plan (May 2020)

- Actuals through March 2020
- FY 2018: $10 million Sufficient Minimum Balance
- FY 2019: Baseline Projected Monthly Fund Balance
- FY 2020: 3-month Rolling Average Fund Balance

April 2020 – Forward: Projections based on Pre-COVID assumptions.
Question:

• What is required of the WSTC if the TNB fund balance is not in compliance with the SMB policy?

Answer:

• The SMB policy requires the WSTC to identify measures that may address the projected shortfall. Some combination of measures may be necessary as a solution.

• Projected size of revenue need will be clearer after the revenue forecast updates in June 2020, and again in November 2020.
Preliminary Options to Address Shortfall

• Option 1: Secure additional funds from Motor Vehicle Account or other source.
  – Current law establishes legislative intent to provide loans that maintain toll rates at current rates, except for up to a $0.25 rate increase no earlier than July 2021.
  – Grants of funds to the TNB Account also a possibility, such as if funds made available from a Federal aid program.
  – Impact of pandemic on gas tax revenues may limit willingness / capacity of Legislature to address the funding gap with additional funds.
Preliminary Options to Address Shortfall

• Option 2: Commission increases toll rates
  – Rate increase would likely be no sooner than spring 2021 to provide the Legislature with the opportunity to address the shortfall.
  – Reliance on raising toll rates may result in a significant burden on tollpayers.
Next Steps

Spring-Summer 2020:
• **May – June:** Assess TNB fund balance compliance against the SMB policy based on the June transportation revenue forecast.
• **June – July:** Report back to the Commission on projected revenue shortfall and options to address it.
• Continue to monitor changes to TNB traffic, costs, and revenues.

Fall 2020 – Winter 2021:
• Develop funding options for the Legislature as part of TNB Loan Report.
• Begin consideration of rate setting process, as needed.
  – Rate increase of $0.25 currently assumed for July 2021
Questions?
I-405 / SR 167 Express Toll Lanes
Low Income Toll Study
Status Update

Carl See
Senior Financial Analyst
Washington State Transportation Commission
I-405 / SR 167 Express Toll Lanes

- Express Toll Lanes (ETLs) include two of the five existing state toll facilities.
- I-405 ETLs opened in 2015 from Bellevue to Lynwood.
- SR 167 HOT Lanes / ETLs opened in 2008 from Renton to Auburn, with southern extension opening in 2016.
- By about 2025, ETLs will be extended on I-405 from Bellevue to Renton and on SR 167 to Puyallup, creating about 50 mile ETL corridor.
I-405 / SR 167 Express Toll Lanes

• Toll rates change dynamically based on congestion, with intent to keep traffic flowing smoothly.

• Toll rates range between $0.75 – $10.00 on I-405, and $0.50 – 9.00 on SR 167.

• On I-405, HOV 3+ are toll-free during peak hours and 2+ is free during off-peak hours, and on SR 167, HOV 2+ are toll-free at all times.

• Average toll rates on each facility are $4.50 on I-405, and $3.90 on SR 167. (June 2019)
I-405 / SR 167 Express Toll Lanes
Low-Income Toll Study

- The Legislature directed the WSTC to undertake the study in the 2019 Legislative session. A final report is due by June, 2021.

- The study is to assess the impacts of tolling on low-income drivers of the I-405/ SR 167 ETLs, and determine possible approaches to mitigating such impacts.
I-405 / SR 167 Express Toll Lanes
Low-Income Toll Study

• This study will include the following:
  – National scan of implemented and considered low-income tolling programs.
  – Research of existing capacities for implementing a low-income toll program for the facilities, and of existing financial and performance commitments.
  – Assessment of low-income populations who use the I-405 / SR 167 ETL facilities, and their potential benefits / challenges from a low income toll program.
  – Evaluation of impacts on tolling policies, traffic performance, revenues, costs, operations, and enforcement.
  – Final report with recommendations to the Legislature.
Study Milestones

- **Jan/Feb 2020**: Begin research and assessment of low-income programs
- **May 2020**: Status report to WSTC
- **July 2020**: Mid-Study status report by consultants
- **October 2020**: Toll options and selection criteria presented to WSTC
- **December 2020**: WSTC selects toll program options for further consideration.
- **Winter / Spring 2021**: Update to Legislature and presentation of preliminary report to WSTC.
- **June 2021**: Final Report presented to WSTC and Legislature.
Project Team

Lead Consultant: WSP USA

• Subcontractors include:
  – Larson Consulting Associates
  – Stantec

Staff Team

• WSDOT Toll Division & Management of Mobility
• Department of Social & Health Services
• King County METRO – ORCA LIFT program
• House & Senate Transportation Committee Staff
• Puget Sound Regional Council
Status of Study

• Tasks nearing completion include:
  – National scan of enacted and considered low-income toll programs and tool kits. (Task 1-2)
    • Identify toll discount program attributes
    • Understand factors on why program(s) did not get implemented
  – Outreach to existing low-income programs in our region, such as for transit (ORCA LIFT) and public utilities. (Task 1-2)
    • Assess methods to determine program eligibility
    • Learn about barriers to access for low-income communities
    • Identify potential community partnerships for implementation
**Status of Study**

- Tasks underway during the next 2 months include:
  - Interviews with implementing agencies to understand costs and opportunities. (Task 3)
  - Identification of existing financial commitments and performance requirements. (Task 4)
  - Assessment of data about low-income communities in central Puget Sound region. (Task 5)
  - Identify criteria for WSTC selection of toll options to proceed with for further analysis. (Task 6)
Questions?