



# Tacoma Narrows Bridge Sufficient Minimum Balance Update

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# TNB Sufficient Minimum Balance Policy

- The SMB requirement is a WSTC policy that requires the TNB Account maintain a minimum fund balance
  - SMB Policy: <https://wstc.wa.gov/wp-content/uploads/2019/08/TNB-SNB-Policy.pdf>
- 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.
- SMB analysis continues, but account expected to be out of compliance during current fiscal year (through June 2021).
- Fund balance also at risk of being negative during the current fiscal year.



# TNB SMB – Addressing a Shortfall

## 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 a projected shortfall. Some combination of measures may be necessary.
- Projected size of revenue need will be clearer as analysis of revenues and costs continue into the Fall 2020.

# Next Steps

## Spring-Fall 2020:

- May – June: Assess TNB fund balance compliance against the SMB policy based on the June transportation revenue forecast.
- June – November: 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?

