



Tacoma Narrows Bridge Sufficient Minimum Balance Update

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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
 - 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.

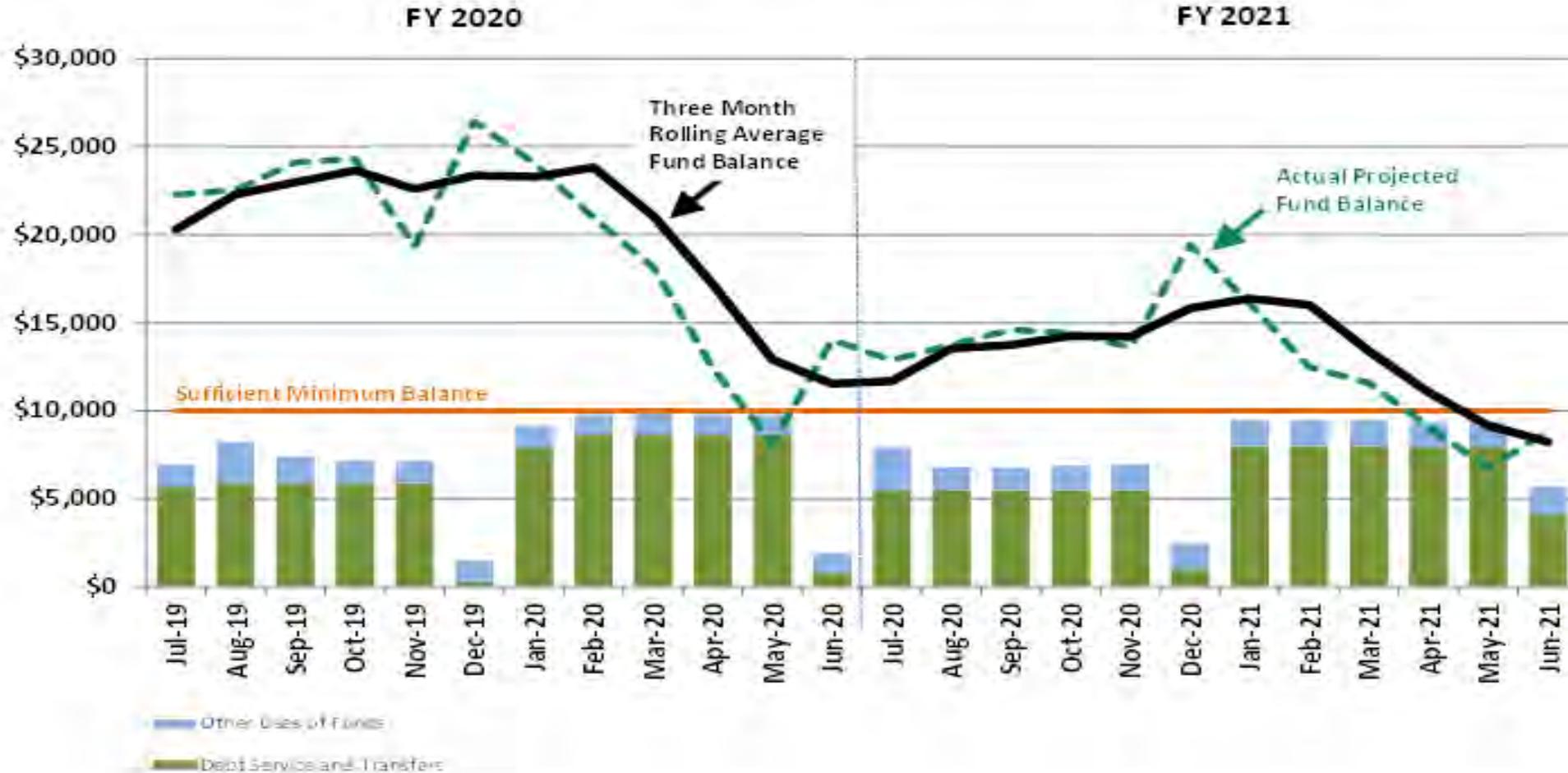
TNB Sufficient Minimum Balance Status

- As intended, the SMB policy has provided a buffer against the unexpected revenue losses during the pandemic.
- **SMB analysis continues, but account is now expected to be in compliance with the policy through April 2021.**
- **The fund balance is expected to remain positive through the current fiscal year (FY 2021).**
- Deferral of some costs for FY 2021 has helped mitigate near-term revenue impacts from lower traffic levels but may stress the fund balance next biennium.



TNB Sufficient Minimum Balance Status

Tacoma Narrows Bridge Fund Balance (\$ Thousands)
September 2020 Forecast



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 with the November 2020 transportation forecast and update to the facility financial plan in December 2020.

Next Steps

Fall 2020 – Winter 2021:

- Continue to monitor changes to TNB traffic, costs, and revenues.
- **Report back to the Commission on the fund balance status following the November 2020 transportation revenue forecast and TNB financial plan updates.**
- Develop and report on 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?

