



# 2021 TNB Loan Update Summary

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# TNB Loan Intent

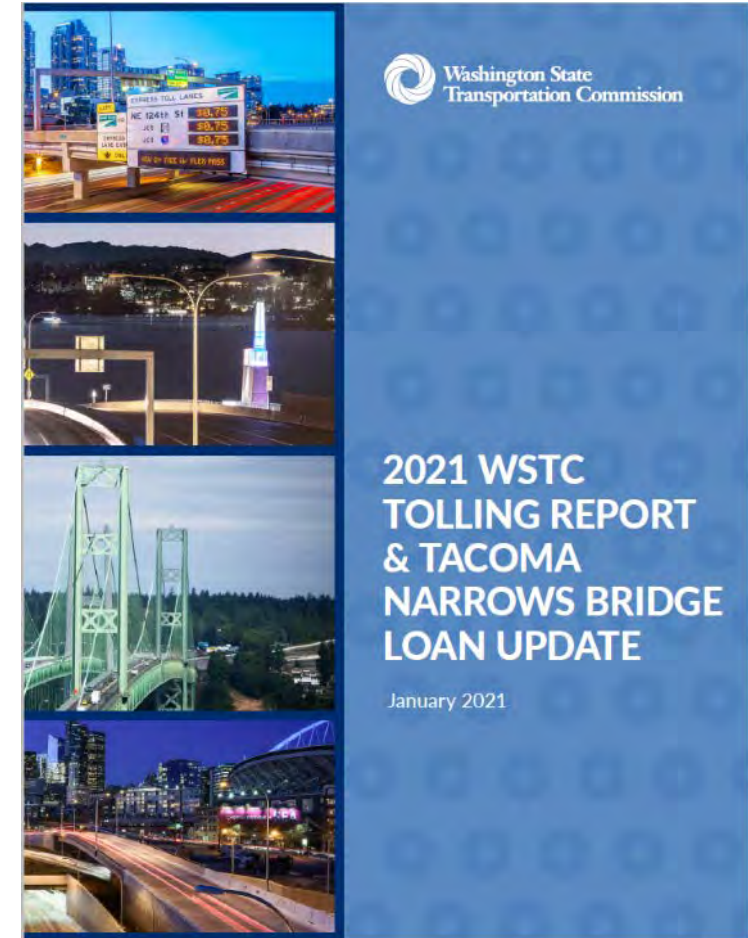
- RCW 47.46.190 establishes legislative intent to provide up to \$85 million in loans for the TNB Account beginning in FY 2020.
- Loans are meant to keep TNB toll rates at no more than 25 cents above FY 2018 levels until debt service, deferred sales tax, and loans are repaid (through about FY 2032).
- Assumes no more than a 25 cent rate increase, beginning on July 1, 2021 (FY 2022) or later.

**FY 2018 / Current TNB Toll Rates (2 axles)**

Good To Go! Pass	Cash (Toll Booth)	Pay By Mail
\$5.00	\$6.00	\$7.00

# TNB Loan Update to Legislature

- RCW 47.46.200 directs the Transportation Commission to annually report to the Legislature on necessary loan amounts for each biennium.
  - Required through the end of debt service in FY 2030, followed by reports on the loan repayment.
  - Submitted as part of Commission’s annual Tolling Report.
  - Report directed to the Transportation Committees of the Legislature.



# 2021 TNB Loan Update

## Purpose

- Assesses whether the \$12.5 million loan for the 2019-21 biennium remains adequate.
- Determine updated loan estimate for the 2021-23 biennium.

## Loan Amount Assumptions

- 25 cent rate increase on July 1, 2021 (FY 2022) with related cost and revenue impacts.
- Analysis primarily based on WSDOT's Preliminary 2021 TNB Financial Plan.
- Compliance with Commission's TNB Sufficient Minimum Balance policy.

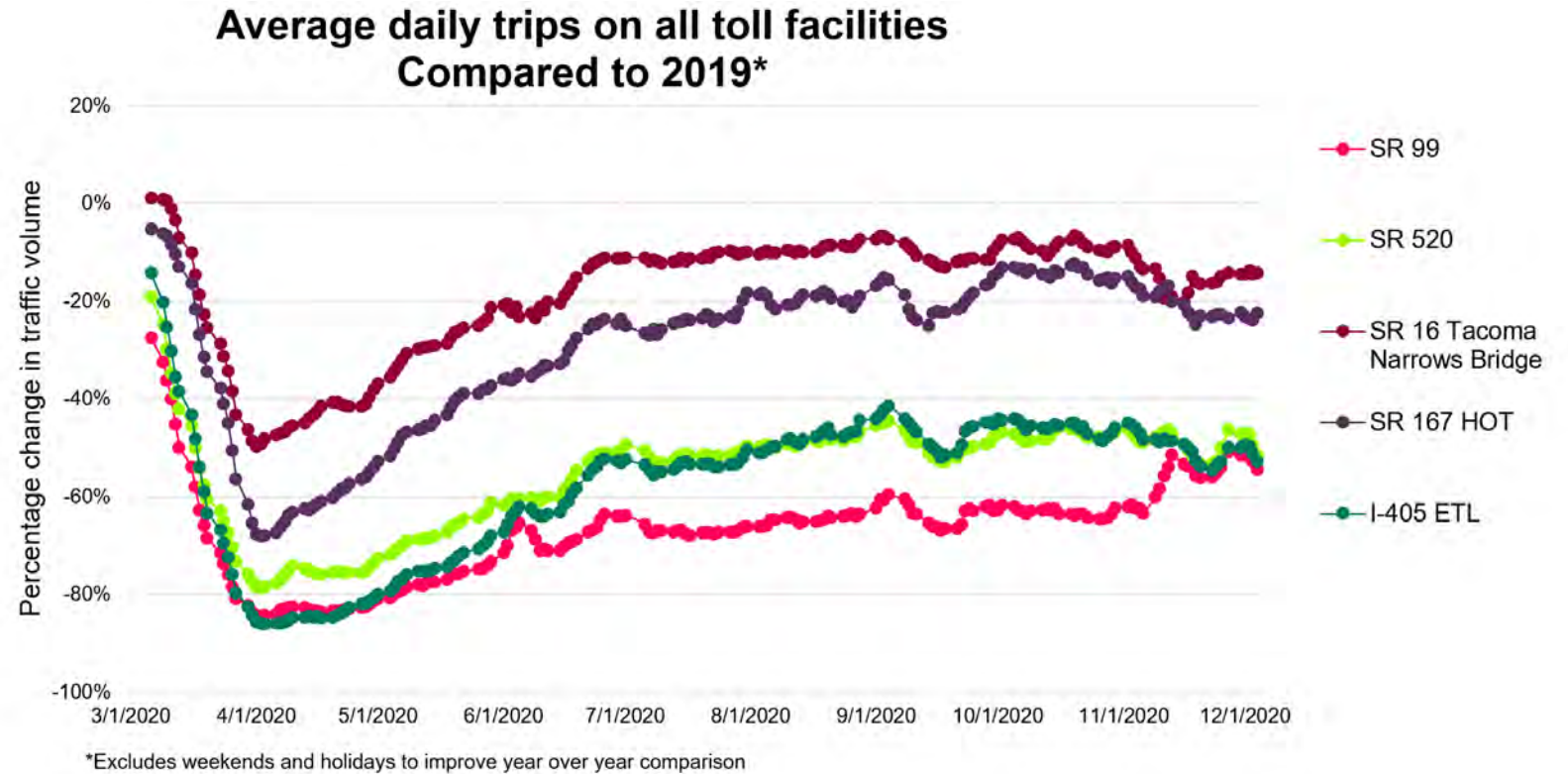
# Loan for 2019-21 Biennium

- In 2019, the Legislature appropriated \$12.543 million to the TNB Account as a loan for the 2019-21 biennium.
- The loan remains sufficient to meet TNB funding requirements for the 2019-21 biennium.
- The loan does not keep the TNB Account in compliance with the Commission's Sufficient Minimum Balance Policy through the 2019-21 biennium.



# 2019-21 Biennium TNB Fund Balance Status

- COVID-19 impacts have led to significant traffic declines on TNB, though smaller than experienced on the state's other toll facilities.



# 2019-21 Biennium TNB Fund Balance Status

- The TNB Account ending fund balance is projected to be about \$4.1 million at the end of FY 2021, about \$9 million less than projected.
- COVID-19 impacts led to decreased revenues and increased proportion of shared system costs.
- Deferral of \$8.5 million in facility repair and replacement costs to future biennia has helped maintain a positive projected fund balance.

**Ending Fund Balance Estimates with Current Loan by Fiscal Year (FY 2019 – FY 2021)\***

	FY 2020	FY 2021
<b>2020 TNB Loan Update</b>	\$ 13,777,000	\$ 13,032,000
<b>2021 TNB Loan Update</b>	\$ 14,059,000	\$4,093,000
<b>Difference</b>	<b>\$282,000</b>	<b>-\$8,939,000</b>

*\*Estimates rounded to nearest thousand.*

*^Loan Report sets fund balance target of \$13.5 million each year to support meeting TNB SMB requirement.*

# 2019-21 Biennium TNB SMB Status

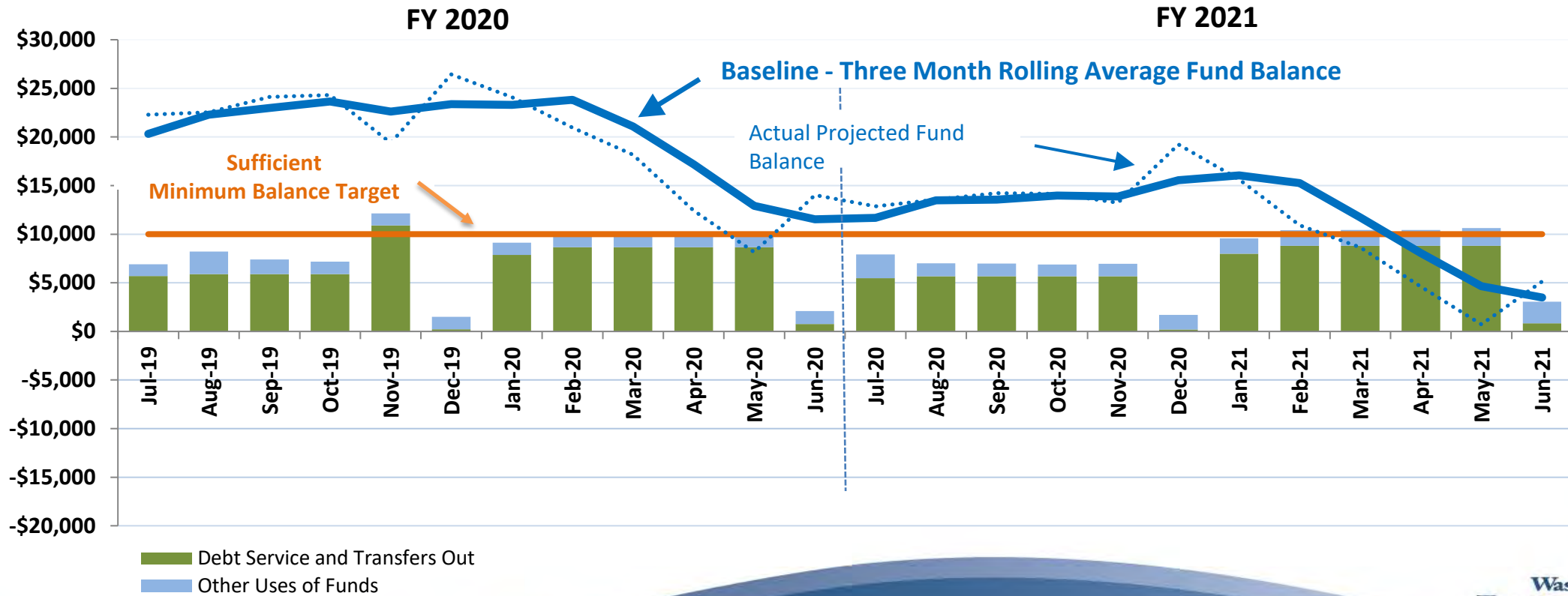
- Fund balance projects to fall below Commission's \$10 million sufficient minimum balance (SMB) policy target in April 2021.
- Commission's SMB Policy Summary
  - Retrospective 3 month rolling average of the TNB Account fund balance shall not be less than \$10 million.
  - The Commission shall take action to identify measures that address a projected shortfall.
  - Policy does not require a rate-setting action.
- Commission staff recommends no rate-setting action to address the SMB in 2019-21 biennium.



# 2019-21 Biennium TNB SMB Status

- Fund balance projects to fall below Commission’s \$10 million sufficient minimum balance (SMB) policy target in April 2021.

Tacoma Narrows Bridge Fund Balance (\$ Thousands)  
November 2020 Forecast, Preliminary TNB Financial Plan



# TNB Loan for 2021-23 Biennium

- The estimated loan need for the 2021-23 biennium is \$38.8 million.
- The loan amount is \$25.6 million more than estimated in the 2020 TNB Loan Update. Factors for this increase include:
  - \$6 million in costs deferred from the 2019-21 biennium
  - \$10 million decline in projected revenues in 2021-23 biennium
  - \$9.4 million to bring TNB fund balance into compliance with the Commission’s SMB Policy by end of the 2021-23 biennium.

## TNB Loan: 2021-2023 Biennium\*

	FY 2022	FY 2023	2021-23 Biennium
<b>2020 TNB Loan Update</b>	\$ 6,138,000	\$ 7, 114,000	<b>\$ 13,252,000</b>
<b>2021 TNB Loan Update</b>	\$ 25,546,000	\$ 13,327,000	<b>\$ 38,873,000</b>
<b>Difference</b>	<b>\$ 19,408,000</b>	<b>\$ 6,213,000</b>	<b>\$ 25,621,000</b>

*\*Estimates rounded to nearest thousand.*

# Total TNB Loans Estimates

- The total loans needed to meet intent of the loans is now an estimated \$115 million, including the \$12.5 million for the 2019-21 biennium.
- Unfunded loan needs total \$102.5 million for FY 2022 – FY 2030.
- Total loan amount exceeds the 2020 Loan Update estimate by over \$42 million, and the intended TNB loans cap of \$85 million by about \$30 million.

## TNB Loan Estimates for FY 2019 – FY 2030 by Biennium\*

Loan Scenarios	2019-21 Biennium <sup>^</sup>	2021-23 Biennium	2023-25 Biennium	2025-27 Biennium	2027-29 Biennium	2029-31 Biennium	FY 2019 – FY 2030
<b>2020 TNB Loan Update</b>	\$12,543,000	\$ 13,252,000	\$ 14,722,000	\$ 13,463,000	\$ 15,958,000	\$ 2,669,000	\$ 72,607,000
<b>2021 TNB Loan Update</b>	\$12,543,000	\$ 38,873,000	\$ 22,225,000	\$ 17,668,000	\$ 19,437,000	\$ 4,275,000	\$ 115,021,000
<b>Difference</b>	<b>\$0</b>	<b>\$ 25,621,000</b>	<b>\$ 7,503,000</b>	<b>\$ 4,205,000</b>	<b>\$3,479,000</b>	<b>\$ 1,606,000</b>	<b>\$ 42,414,000</b>

\* Loan estimates rounded to nearest thousand.

<sup>^</sup> As enacted by Legislature in spring 2019

# TNB Loans Repayment Schedule

- Loans repayment is scheduled in law to begin in FY 2031, following completion of debt service payments in FY 2030.
- Repayment of loans in FY 2031 is limited by requirement to first repay the \$57.6 million of deferred sales tax.
- To repay the higher loan needs, repayment is now estimated to extend TNB tolling into FY 2033 for repayment of \$17.3 million.

## TNB Loan Repayment Estimates & Distribution\*

	FY 2031	FY 2032	FY 2033	Total
<b>2020 TNB Loan Update</b>	\$ 20,579,000	\$ 52,027,000	\$ 0	\$ 72,607,000
<b>2021 TNB Loan Update</b>	\$ 19,261,000	\$ 78,461,000	\$ 17,299,000	\$ 115,021,000
<b>Difference</b>	<b>-\$ 1,318,000</b>	<b>\$ 26,434,000</b>	<b>\$ 17,299,000</b>	<b>\$ 42,414,000</b>

\* Loan estimates rounded to nearest thousand.

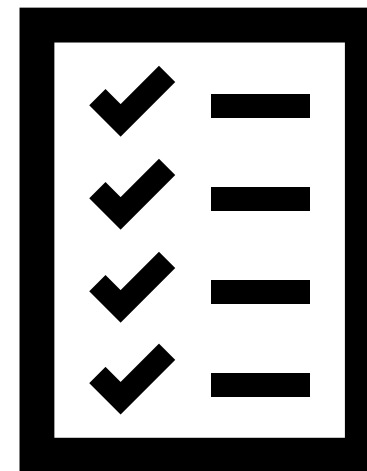
# 2021 TNB Loan Report Takeaways

- No change is necessary in the current loan of \$12.543 million for the 2019-21 biennium to meet funding requirements.
- An estimated loan of \$38.9 million is necessary for the 2021-23 biennium to meet TNB funding requirements and compliance with the Commission's SMB policy.
- Total TNB loan needs is now estimated at \$115 million, about \$30 million more than the intended cap of \$85 million.
- Repayment of TNB loans is now estimated to extend tolling into FY 2033.



# Next Steps

- ✓ Submitted report to Transportation Committees of the Legislature in January 2021.
- Continue to monitor TNB traffic and revenue, fund balance status, and compliance with Commission's SMB Policy.
- Provide support to the Legislature and Governor's Office for consideration of TNB funding options.
- Spring 2021: prepare for possible rate increase for FY 2022 (July 1, 2021), depending on size of loan or other funding.



# Questions?

