



# SR 16 Tacoma Narrows Bridge Toll Rate Setting Update

WSTC Commission Meeting

May 18, 2021

**Carl See**

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Washington State Transportation Commission



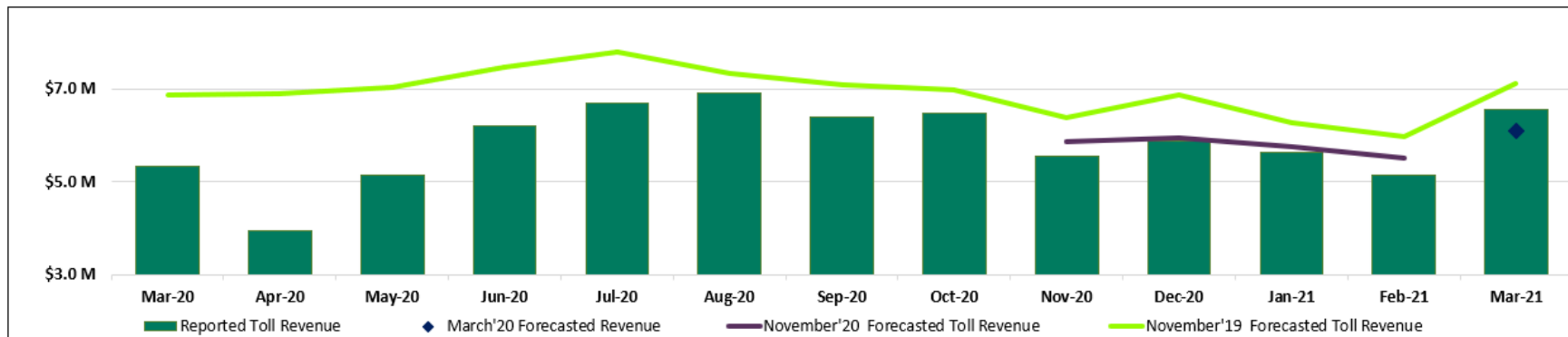
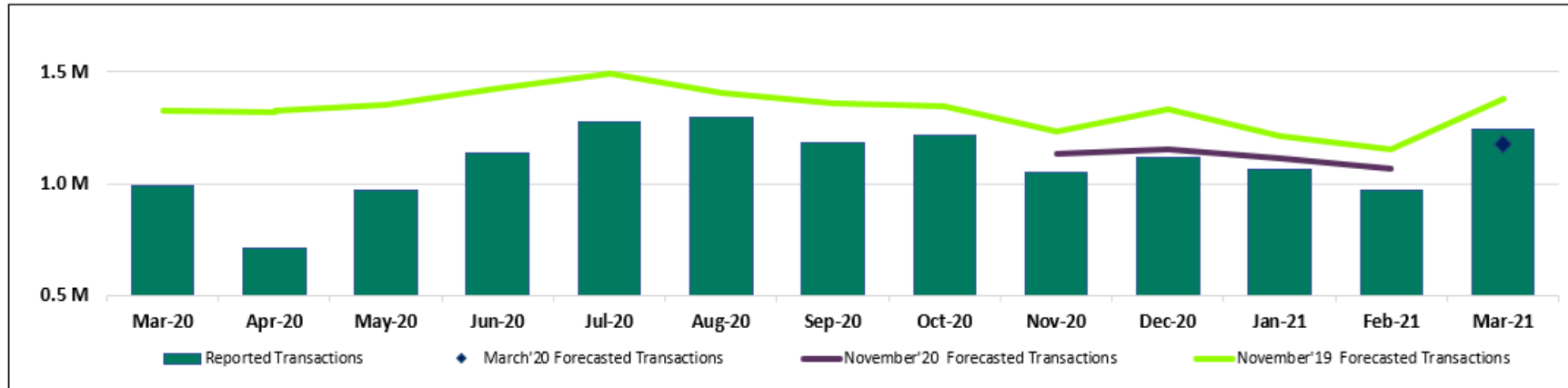
# Toll Rate Setting Requirements: SR 16 Tacoma Narrows Bridge

State law requires the following (*RCW 47.46.100 & 47.56.240*) :

- Establish tolls that generate revenue necessary to address:
  - Costs of operating and maintaining the bridge
  - Annual debt service costs
- The 2018 Legislature established its intent in law (*RCW 47.46.190*) to mitigate future rate increases by loaning up to \$85 million to the TNB account
  - Countered effects of escalating debt service through the life of bond repayment
  - Will begin to be repaid, along with deferred sales taxes, once bonds are retired
  - Assumes a rate increase of up to 25 cents effective as soon as FY 2022
  - Loans have been appropriated biennially in amounts recommended by the WSTC

# TNB Traffic and Revenue Forecast vs. Actual

- Thirteen-month (March 2020 to March 2021) toll revenue was 16%, or \$14.2 million below the Pre-COVID forecast



# TNB Loan & Subsidy for 2021-23 Biennium

- 2021-23 budget provides total support of \$46 million for the 2021-23 biennium
  - Loan of \$30.3 million for repayment in FY 30-31
  - Subsidy of \$15.7 million from American Rescue Plan funds
- Funding aligns with assumption for 25 cent rate base fare increase in FY 2022
- Estimated funding needs increased as a result of COVID-19 related updates to cost and revenue projections for the 2021-23 biennium.

## TNB Loan & Subsidy: 2021-2023 Biennium\*

	FY 2022	FY 2023	2021-23 Biennium
2020 TNB Loan Update	\$ 6,138,000	\$ 7, 114,000	\$ 13,252,000
2021 TNB Loan Update	\$ 25,546,000	\$ 13,327,000	\$ 38,873,000
<b>2021-23 Budget</b>	<b>\$23,000,000</b>	<b>\$23,000,000</b>	<b>\$46,000,000</b>

\*Estimates rounded to nearest thousand.

# Projected TNB Fund Balance by Month

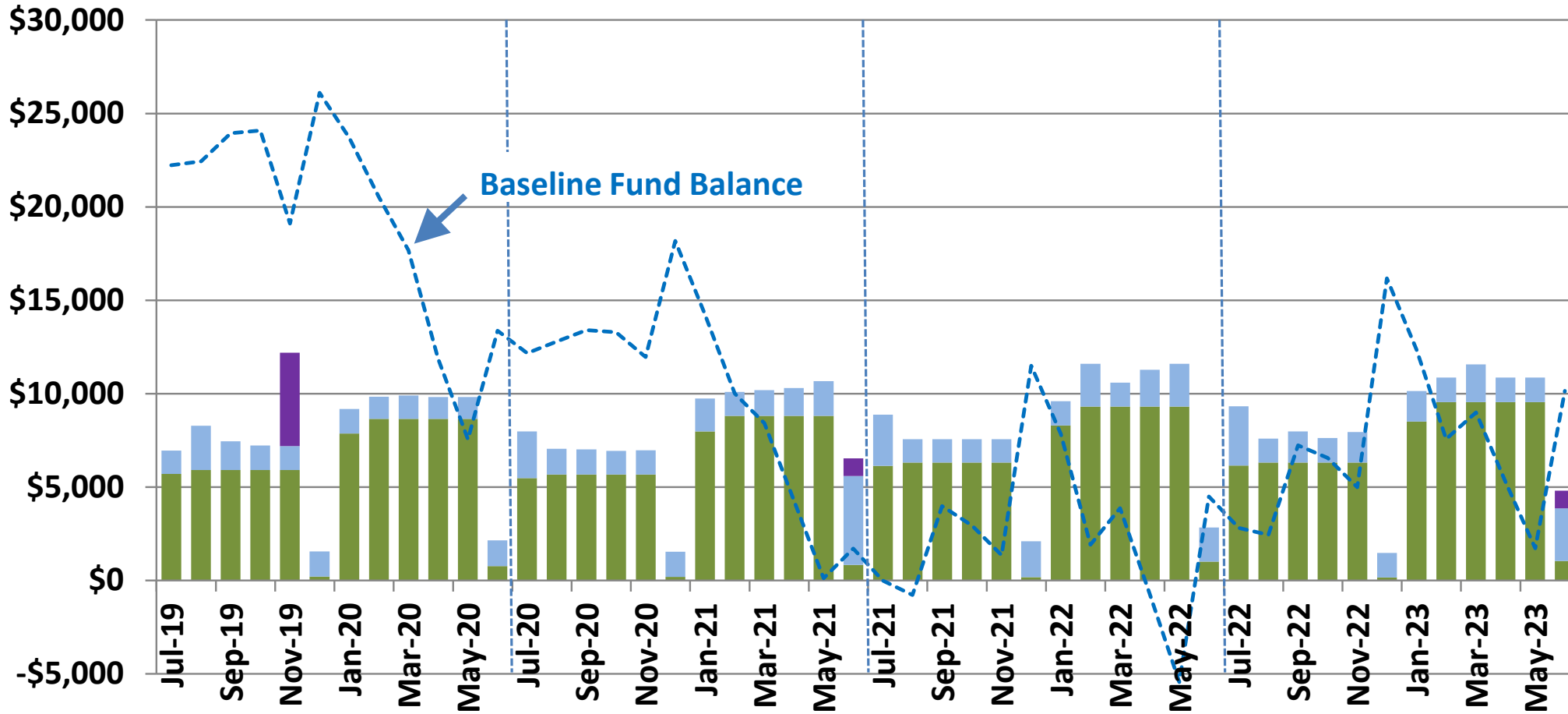
March 2021 Forecast, Session Law Budget – Existing Toll Rates

FY 2020

FY 2021

FY 2022

FY 2023



- Expenditures vary by month
- Fund balance varies accordingly
- Assumes even payments of loans and federal relief
- Balance projection is negative for May 2022

■ Transfers out  
■ Operating Uses (All programs)  
■ Debt Service

▲ Note lowest balance

# TNB Fund Balance Status

- Fund balance projections are conservative
  - Assumes all budget allotments are fully expended
  - Assumes use of \$1.3 million per biennium in unallotted funds for potential unplanned expenditures, consistent with legislative financial plan
  - Assumes federal American Recovery Plan Act (ARPA) funds are distributed to the TNB account between FY 2022 and FY 2023. do not arrive all at once during FY 2022
- Strategies are available to mitigate projected negative monthly fund balances
  - Monthly negative balances are manageable for short periods through interagency cooperation if future revenue is assured
- Note: March-April 2021 traffic and revenue results have outperformed the March 2021 forecast

# TNB Sufficient Minimum Balance

- Commission's Sufficient Minimum Balance (SMB) Policy Summary
  - Retrospective 3 month rolling average of the TNB Account fund balance shall not be less than \$10 million
  - Implemented by Commission as means to address unanticipated revenue loss
    - Created in lieu of a reserve subaccount, such as is in place for the SR 520 bridge and SR 99 tunnel accounts
  - The Commission shall take action to identify measures that address a projected shortfall
  - Policy does not require a rate-setting action

# Sufficient Minimum Balance Status

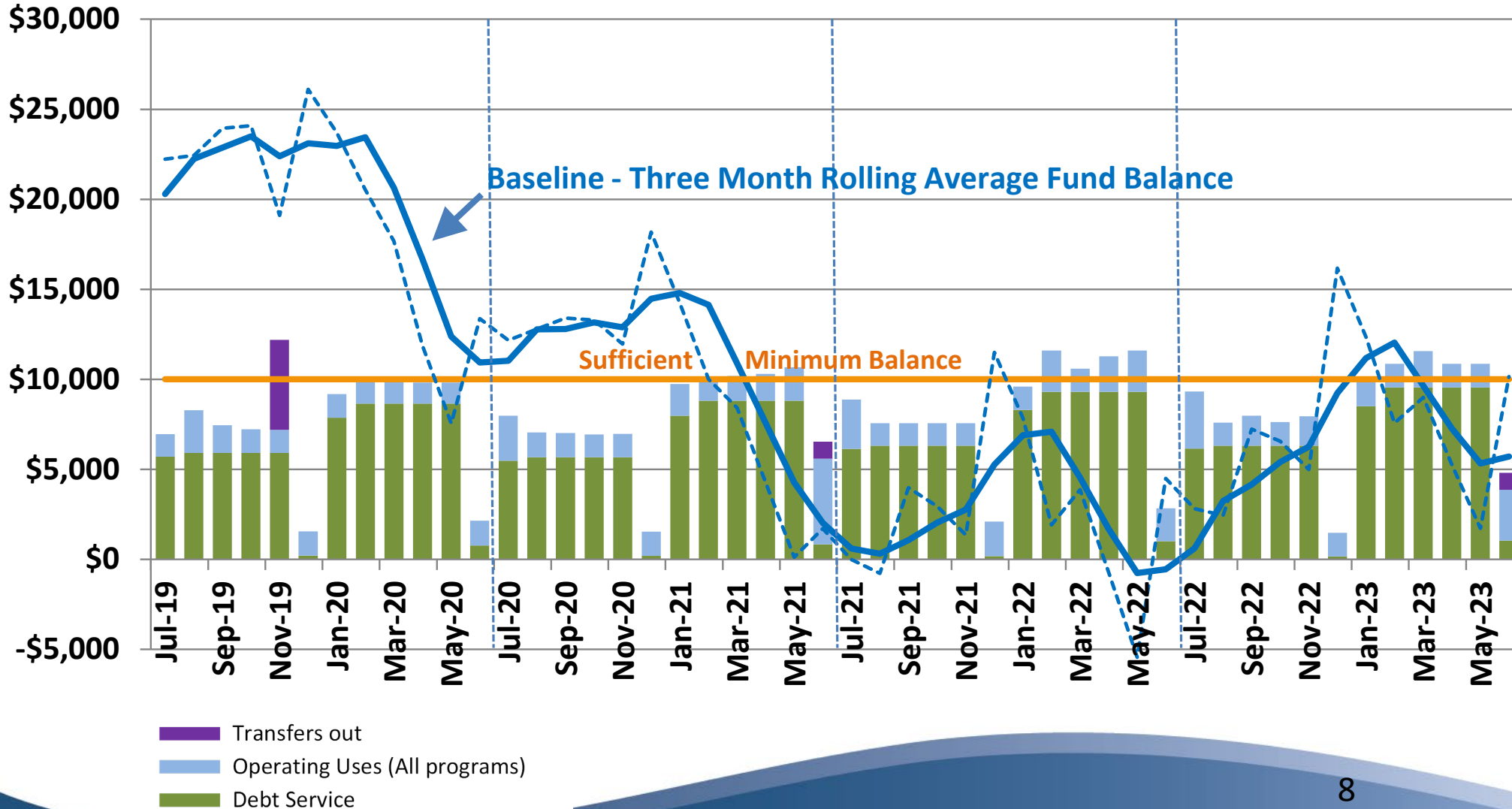
March 2021 Forecast, Session Law Budget – Existing Toll Rates

FY 2020

FY 2021

FY 2022

FY 2023



- WSTC tracks the three-month rolling average of fund balance
- Objective is to keep the rolling average fund balance above the \$10 million Sufficient Minimum Balance




# TNB Rate Setting – Guiding Principles

- Support intent of legislative loan plan for TNB (*RCW 47.46.190*):
  - Establish rate increase of up to 25 cents in FY 2022
  - Support intent to limit TNB loans over life of the bond repayment to \$85 million (through FY 2030)
- Ensure TNB revenues are sufficient to meet annual expenses established in law
- Return fund balance to compliance with Commission’s SMB policy by end of 2021-23 biennium

# Current and Proposed TNB Toll Rates

- Proposed toll rate increase of 25 cents with effective date of October 1, 2021

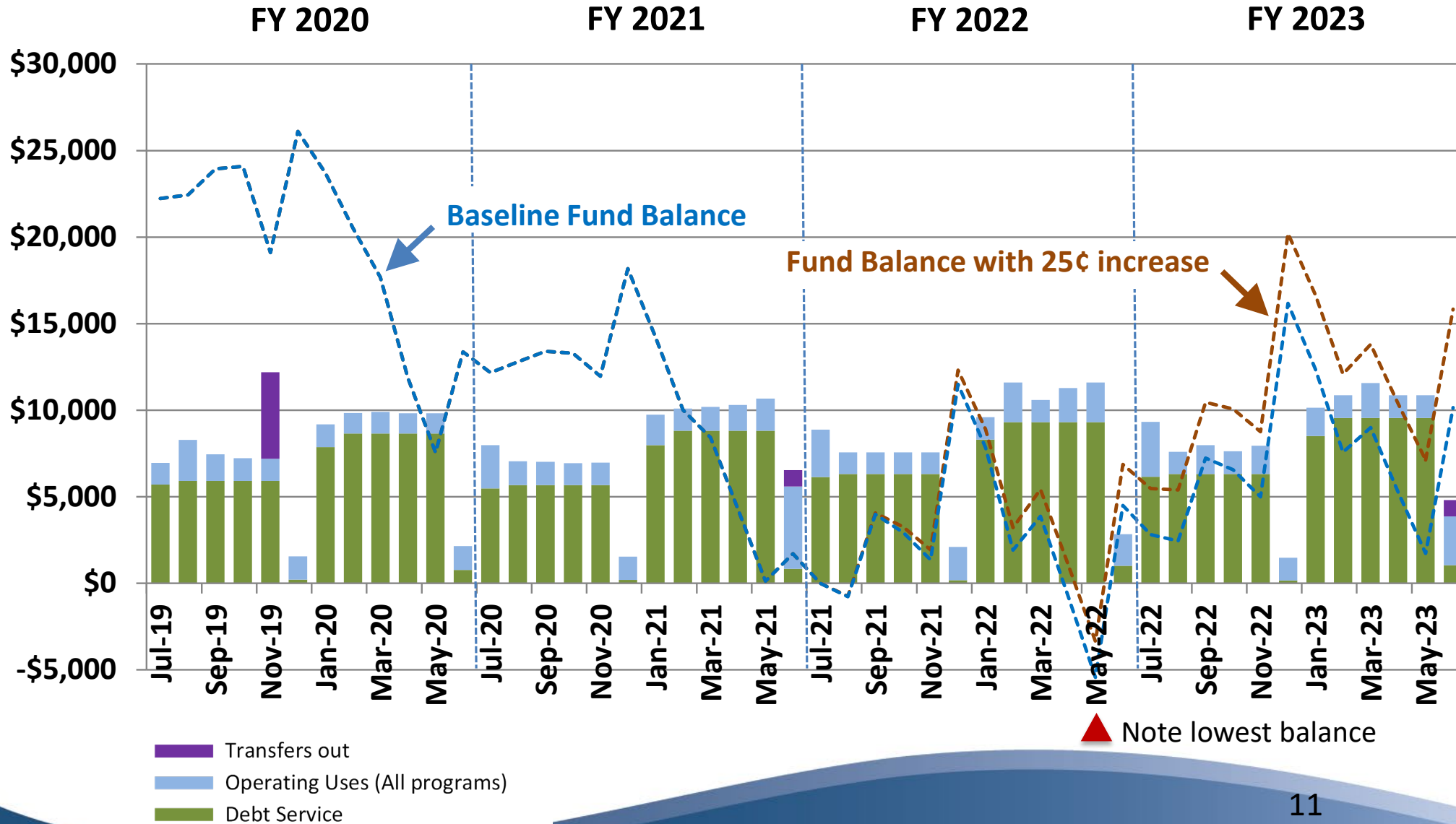
	 Pass	Cash Tolls	Pay By Mail
<b>Current Toll Rate</b>	\$5.00	\$6.00	\$7.00
<b>Proposed Toll Rate</b>	\$5.25	\$6.25	\$7.25

*Notes:*

- Good To Go! Pay By Plate transactions pay an additional 25¢ fee over Pass rate*
- Tolls for multi-axle vehicles are a multiple of the passenger car rates (up to six axles)*

# TNB Fund Balance Status

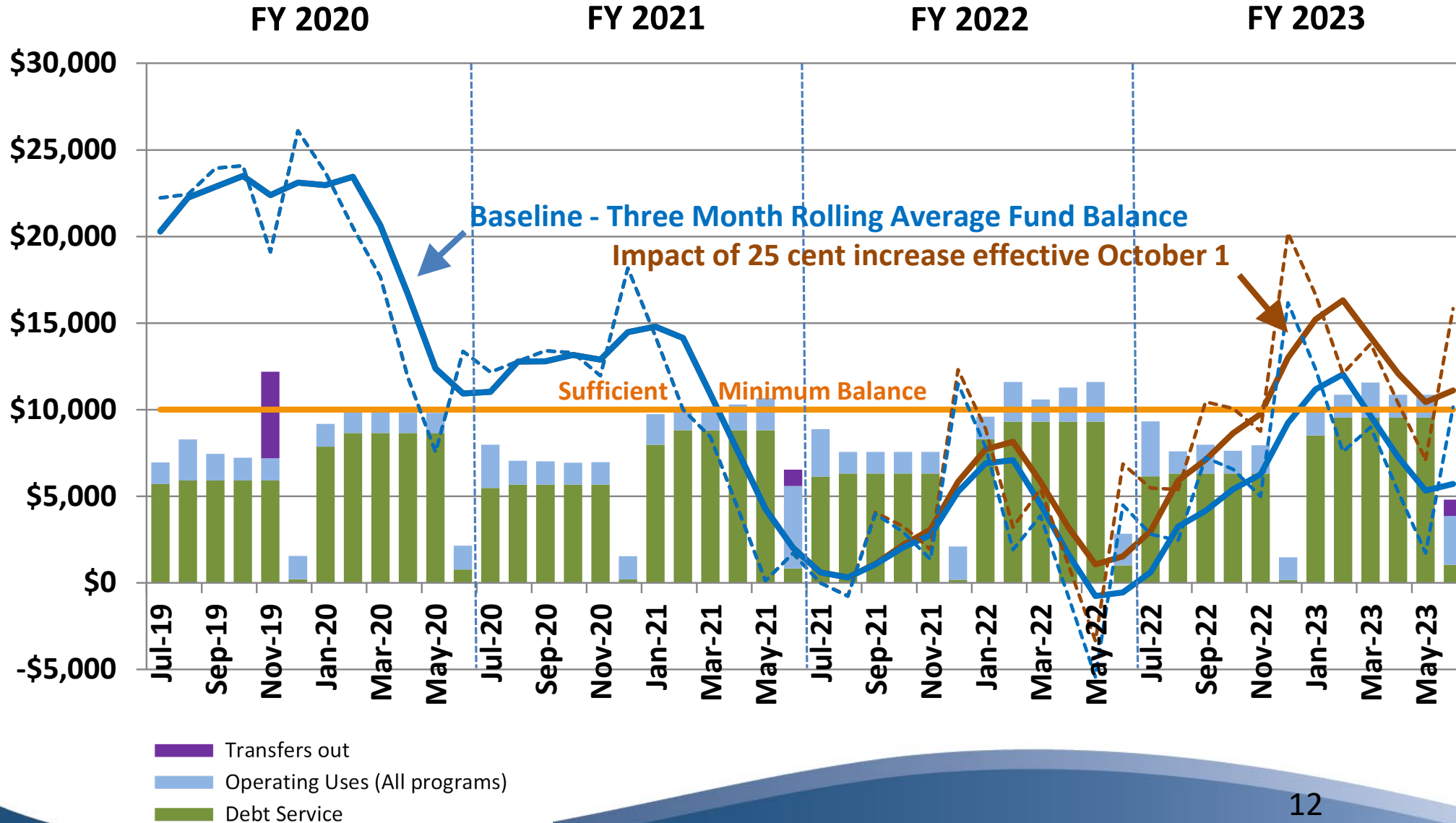
March 2021 Forecast, Session Law Budget – 25 cent increase effective October 1



- Expenditures vary by month
- Fund balance varies accordingly
- Assumes even payments of loans and federal relief
- Balance projection is negative for May 2022 **even with 25¢ increase**

# Sufficient Minimum Balance Test

March 2021 Forecast, Session Law Budget – 25 cent increase effective October 1

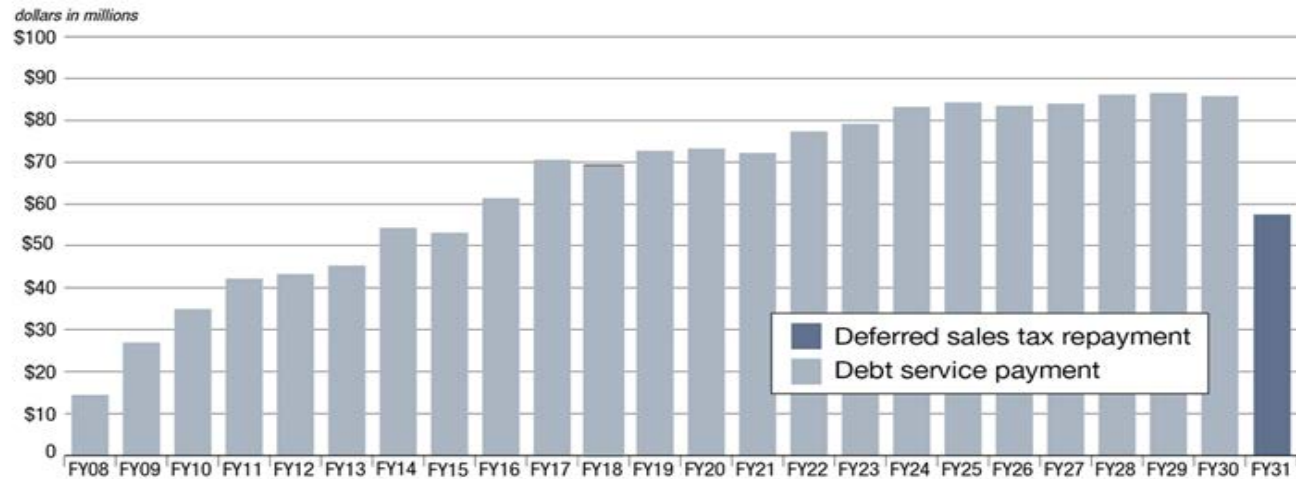


- WSTC tracks the three-month rolling average of fund balance
- Objective is to keep this line above \$10 million Sufficient Minimum Balance
- 25¢ increase restores SMB compliance by end of biennium

# TNB Long-Term Financial Status

- Proposed 25 cent toll rate increase supports legislative intent to cap on-going loans for the TNB at \$85 million with repayment beginning in FY 2031 following repayment of debt service and deferred sale tax.

**TNB Debt Service & Deferred Sales 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	\$5.25
	Cash	\$3.00	\$4.00	\$4.00	\$5.00	\$5.25	\$5.50	\$6.00	\$6.25
	Pay By Mail	N/A	N/A	\$5.50	\$6.00	\$6.25	\$6.50	\$7.00	\$7.25

Does not include capitalized interest

Source: WSDOT Budget and Financial Division

# Next Steps

- Continue to assess TNB financial information in support of the proposed rate setting, including impacts on future TNB loan projections.
- Consider input provided by the TNB Citizens Advisory Committee (CAC).
- Present proposed rate setting options to the Commission on June 15<sup>th</sup> for selection of option(s) for further public input.

# Contact:

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