



2022 TNB Loan Update Summary

Carl See

Deputy Director

WA State Transportation Commission



TNB Loan Intent

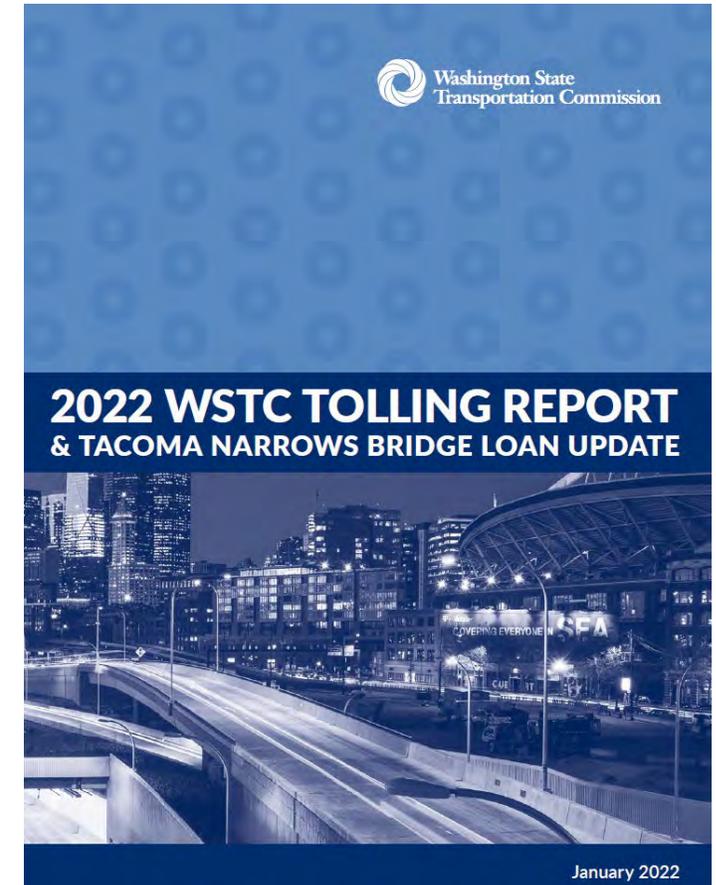
- RCW 47.46.190 establishes legislative intent to provide up to \$85 million in loans for the TNB Account beginning in FY 2020
- Loans are meant to keep TNB toll rates at no more than 25 cents above FY 2018 levels until debt service, deferred sales tax, and loans are repaid
- Assumes no more than a 25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

Current TNB Toll Rates (2 axles)

Good To Go! Pass	Cash (Toll Booth)	Pay By Mail
\$5.25	\$6.25	\$7.25

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 updates on the loan repayment.
 - Submitted as part of Commission’s annual Tolling Report.
 - Report directed to the Transportation Committees of the Legislature.



2022 TNB Loan Update

Purpose

- Assesses whether the \$30.3 million loan and \$15.7 of ARPA funds for the 2021-23 Biennium remains adequate
- Determine updated loan estimates for remaining biennia with TNB debt service payments and updates to loan repayment schedule

Loan Amount Assumptions

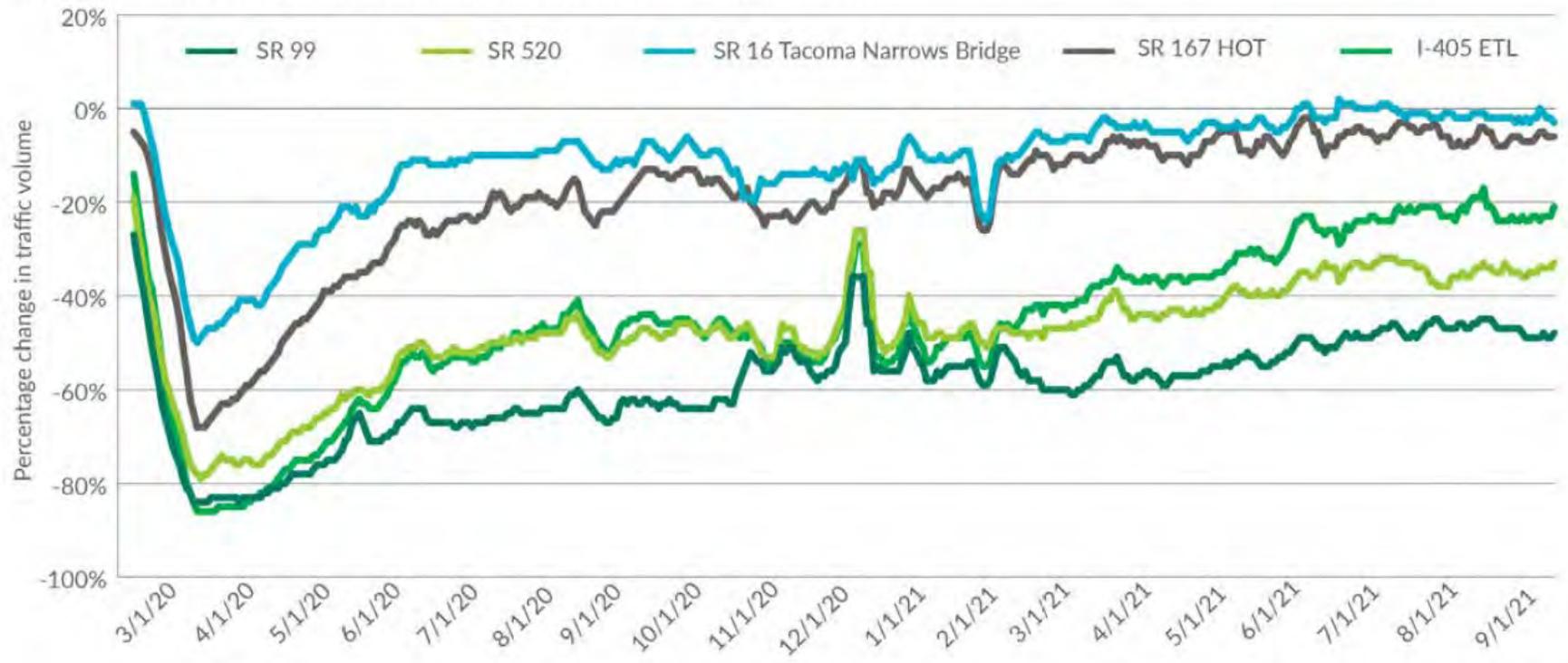
- Analysis primarily based on WSDOT's Preliminary 2022 TNB Financial Plan
- Compliance with Commission's TNB Sufficient Minimum Balance policy

TNB COVID-19 Impacts

COVID-19 impacts

- Continued to result in traffic declines on TNB, though with improvement over FY 2021
- Smaller declines than experienced on the state's other toll facilities.

Percentage change in toll facilities traffic volumes compared to baseline:
Moving weekly average (M-F only) compared to 2019 baseline



Loan for 2021-23 Biennium

- In 2021, the Legislature appropriated \$30.3 million to the TNB Account as a loan for the 2021-23 Biennium, in addition to a subsidy of \$15.7 million in federal ARPA funds
- As anticipated, the Commission increased the toll rate in FY 2022 (October 1) by 25 cents
- Fund balance remains sufficient to meet TNB funding requirements for the 2021-23 Biennium
- TNB Account is in compliance with the Commission's Sufficient Minimum Balance Policy through the 2021-23 Biennium

TNB Loan for 2021-23 Biennium

- In total, the \$46 million in funding provided in 2021 exceeded the estimated funding need stated in the 2021 TNB Loan Update by \$7.1 million
 - Funding difference primarily a factor of lower forecasted TNB traffic and revenue levels in the March 2021 forecast compared to the November 2020 forecast used as a basis for the 2021 TNB Loan Update.

TNB Loan & Subsidy: 2021-2023 Biennium*

	FY 2022	FY 2023	2021-23 Biennium
2021 TNB Loan Update – Loans Estimate	\$ 25,546,000	\$ 13,327,000	\$ 38,873,000
Total 2021 Non-Toll Appropriation	\$23,000,000	\$23,000,000	\$46,000,000
<i>Appropriated 21-23 Loan</i>	\$ 15,146,500	\$ 15,146,500	\$ 30,293,000
<i>Appropriated ARPA Funds</i>	\$ 7,850,000	\$ 7,850,000	\$ 15,700,000

*Estimates rounded to nearest thousand.

2021-23 Biennium TNB Fund Balance Status

- The TNB Account ending fund balance is projected to be \$32.9 million at the end of FY 2023, about \$19.4 million more than estimated in the 2021 Loan Update
- Factors driving the larger anticipated fund balance include both higher than anticipated revenues and lower than anticipated costs for FY 2021 and the 2021-23 Biennium compared to the 2021 TNB Loan Update.

Ending Fund Balance Estimates with Current Loan by Fiscal Year (FY 2021 – FY 2023)*

	FY 2021	FY 2022	FY 2023
2021 TNB Loan Update	\$4,093,000	\$13,500,000	\$13,500,000
2022 TNB Loan Update	\$9,486,989	\$22,911,716	\$32,919,693
Difference	\$5,393,989	\$9,411,716	\$19,419,693

**Estimates rounded to nearest thousand.*

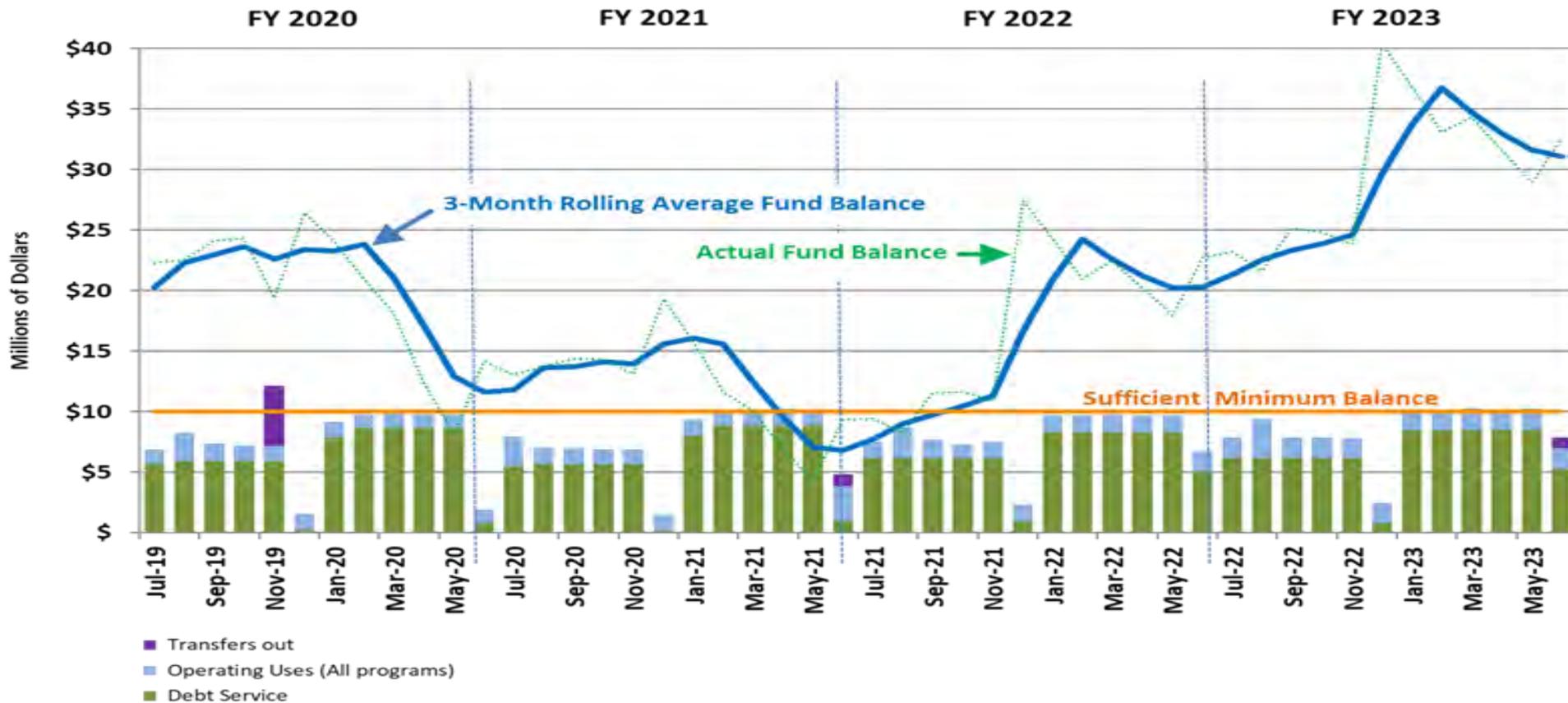
^Loan Update sets fund balance target of \$13.5 million each year to support meeting TNB SMB requirement.

2021-23 Biennium TNB SMB Status

- 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.
- 3 month rolling average fund balance projects to steadily rise above the Commission's \$10 million sufficient minimum balance (SMB) policy target throughout the biennium to \$31.1 million by June 2023
- Commission staff recommends no rate-setting action to address the SMB in 2021-23 Biennium.

2021-23 Biennium TNB SMB Status

Tacoma Narrows Bridge Fund Balance (\$ Thousands)
November 2021 Forecast, Preliminary TNB Financial Plan



3 month rolling average fund balance projects to steadily rise above the Commission's \$10 million sufficient minimum balance (SMB) policy target throughout the biennium to \$31.1 million by June 2023

Total TNB Loans Estimates

- The total loans needed to meet intent of the loans is now an estimated \$100.7 million, including the \$30.3 million for the 2021-23 Biennium
- Unfunded loan needs total \$57.9 million for FY 2024 – FY 2030
- Total loan amount is less than the 2021 Loan Update estimate by \$14.3 million but exceeds the intended TNB loans cap of \$85 million by about \$15.7 million.

TNB Loan Estimates for FY 2024 – FY 2030 by Biennium*

Loan Scenarios	2019-21 Biennium	2021-23 Biennium [^]	2023-25 Biennium	2025-27 Biennium	2027-29 Biennium	2029-31 Biennium	FY 2019 – FY 2030
2021 TNB Loan Update	\$12,543,000	\$ 38,873,000	\$ 22,225,000	\$ 17,668,000	\$ 19,437,000	\$ 4,275,000	\$ 115,021,000
2022 TNB Loan Update	\$12,543,000	\$ 30,293,000	\$ 9,506,000	\$ 20,917,000	\$ 22,094,000	\$ 5,347,000	\$ 100,701,000
Difference	\$0	\$ -8,580,000	\$ -12,718,000	\$ 3,249,000	\$ 2,657,000	\$ 1,072,000	\$ -14,320,000

* Loan estimates rounded to nearest thousand. Actual appropriations through the 2021-23 biennium.

[^]Additional \$15.7 million appropriated to TNB Account from federal ARPA funds with no repayment required.

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
- Though the total loans are less than estimated in the 2021 Loan Update, repayment is still estimated to extend TNB tolling into early FY 2033

TNB Loan Repayment Estimates & Distribution*

	FY 2031	FY 2032	FY 2033	Total
2021 TNB Loan Update	\$ 19,261,000	\$ 78,461,000	\$ 17,299,000	\$ 115,021,000
2022 TNB Loan Update	\$ 18,299,000	\$ 77,352,000	\$ 5,050,000	\$ 100,701,000
Difference	\$ -962,000	\$ -1,109,000	\$ -12,249,000	\$ -14,320,000

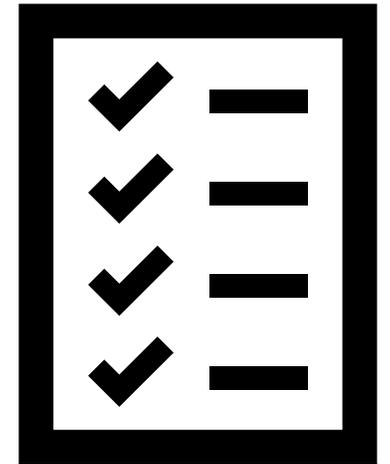
* Loan estimates rounded to nearest thousand.

2022 TNB Loan Report Takeaways

- No change is necessary in the current loan of \$30.3 million for the 2021-23 Biennium to meet funding requirements
- Total TNB loan needs is now estimated at \$100.7 million, about \$15.7 million more than the intended cap of \$85 million
- Repayment of TNB loans is estimated to extend tolling into FY 2033

Next Steps

- ✓ Submitted report to Transportation Committees of the Legislature in January 2022.
- 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.



Contact Information

Carl See

WSTC Deputy Director

transc@wstc.wa.gov

360-705-7070