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)

<table>
<thead>
<tr>
<th>Good To Go! Pass</th>
<th>Cash (Toll Booth)</th>
<th>Pay By Mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5.25</td>
<td>$6.25</td>
<td>$7.25</td>
</tr>
</tbody>
</table>
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.
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
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.
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*

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

*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)*

<table>
<thead>
<tr>
<th></th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021 TNB Loan Update</td>
<td>$4,093,000</td>
<td>$13,500,000</td>
<td>$13,500,000</td>
</tr>
<tr>
<td>2022 TNB Loan Update</td>
<td>$9,486,989</td>
<td>$22,911,716</td>
<td>$32,919,693</td>
</tr>
<tr>
<td>Difference</td>
<td>$5,393,989</td>
<td>$9,411,716</td>
<td>$19,419,693</td>
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</tbody>
</table>

*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.
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*

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</tr>
</thead>
<tbody>
<tr>
<td>2021 TNB Loan Update</td>
<td>$12,543,000</td>
<td>$ 38,873,000</td>
<td>$ 22,225,000</td>
<td>$ 17,668,000</td>
<td>$ 19,437,000</td>
<td>$ 4,275,000</td>
<td>$ 115,021,000</td>
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<tr>
<td>2022 TNB Loan Update</td>
<td>$12,543,000</td>
<td>$ 30,293,000</td>
<td>$ 9,506,000</td>
<td>$ 20,917,000</td>
<td>$ 22,094,000</td>
<td>$ 5,347,000</td>
<td>$ 100,701,000</td>
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<tr>
<td>Difference</td>
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<td>$ -8,580,000</td>
<td>$ -12,718,000</td>
<td>$ 3,249,000</td>
<td>$ 2,657,000</td>
<td>$ 1,072,000</td>
<td>$ -14,320,000</td>
</tr>
</tbody>
</table>

* 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*

<table>
<thead>
<tr>
<th></th>
<th>FY 2031</th>
<th>FY 2032</th>
<th>FY 2033</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>2021 TNB Loan Update</td>
<td>$19,261,000</td>
<td>$78,461,000</td>
<td>$17,299,000</td>
<td>$115,021,000</td>
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<td>2022 TNB Loan Update</td>
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<td>$100,701,000</td>
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<tr>
<td>Difference</td>
<td>$-962,000</td>
<td>$-1,109,000</td>
<td>$-12,249,000</td>
<td>$-14,320,000</td>
</tr>
</tbody>
</table>

* 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