



2022 TNB Rate Setting Introduction

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Presentation Purpose

1. Review purpose for 2022 Tacoma Narrows Bridge (TNB) rate-setting
2. Identify potential TNB toll rate reduction options
3. Share analysis results for potential toll rate reduction options
4. Discuss and select TNB toll rate reduction options for public input
5. Preview planned public input process
6. Review planned rate-setting timeline

Background and Financial Update



Legislative Summary (SSB 5488)


- Amended RCW 47.56.165 as follows:
 - Legislature committed \$130 million in transfers from the General Fund to TNB Account over next ten years (FY 2023 - FY 2032)
 - Directs that funds shall be transferred in quarterly installments of \$3.25 million
- Amended RCW 47.46.190 as follows:
 - Legislative intent that the Commission adjust toll rates to account for the \$130 million in General Fund transfers
- Legislature maintained legislative intent to provide up to \$85 million in loans from non-toll sources through FY 2030 to the TNB Account to ensure funds are available to pay for debt service and other required costs

Tacoma Narrows Bridge

Forecasted and reported toll traffic

July 2021 through March 2022 Toll Traffic is 11.5 million

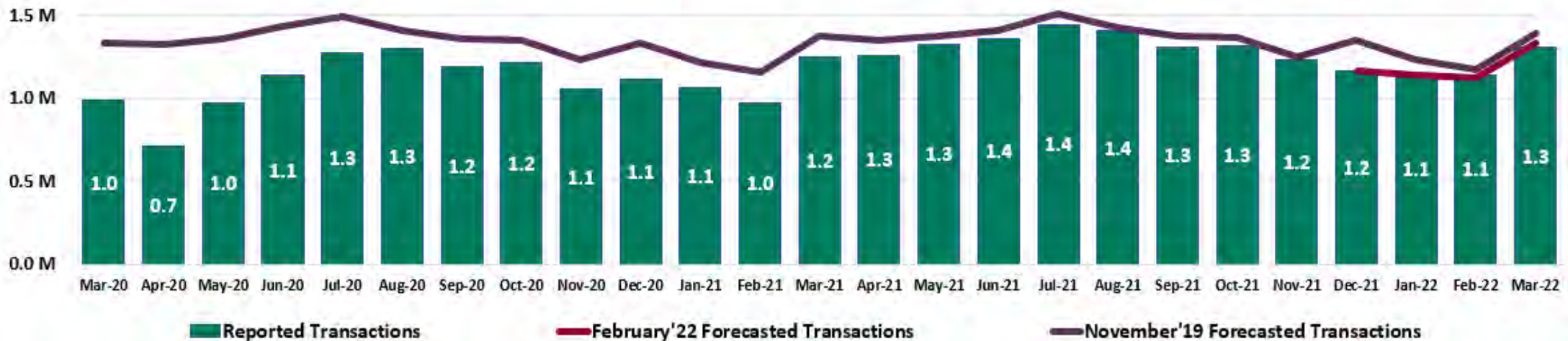
- **In comparison to February 2022 Forecast**

Three-month, January through March 2022  0.0%, or 1,000 transactions

- **In comparison to Pre-COVID November 2019 Forecast**

March 2020 through March 2022  11.7%, or 3.9 million transactions

TNB: March 2020 through March 2022 Toll Transactions (millions)



Tacoma Narrows Bridge

Forecasted and reported toll revenue

July 2021 through March 2022 Toll Revenue is \$62.2 million

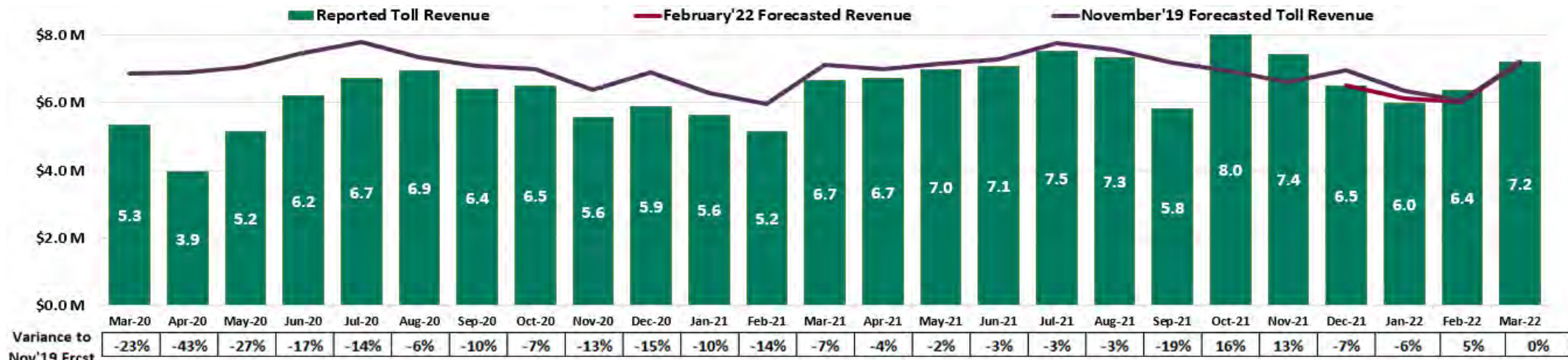
- In comparison to February 2022 Forecast**

Three-month, January through March 2022  1.1%, or \$0.2 million

- In comparison to Pre-COVID November 2019 Forecast**

March 2020 through March 2022  8.8%, or \$15.4 million

TNB: March 2020 through March 2022 Reported Toll Revenue (\$ millions)



Note: July 2021 through March 2022 monthly toll revenue distribution is skewed by backlogged transactions pending processing.

2022 TNB Toll Rate Adjustment



Considerations for TNB Rate Setting

- Target of 75 cent toll rate reduction for October 1, 2022
 - Implementation date aligns with first transfer of General Fund dollars to TNB Account (September 2022)
 - Proposing 3 options for how to implement the toll rate reduction
- Estimates of future loan needs will address difference between annual financial needs and toll revenue + General Fund transfers
 - $\text{Loan Estimate} = \text{Annual Financial Needs} - (\text{Toll Revenue} + \text{General Fund Transfers})$
 - Estimated loan needs updated annually by WSTC for Legislature in January, per RCW 47.46.200
- No changes in toll rates planned after October 1, 2022, unless Legislature does not provide intended transfers and loan amounts

Proposed Option 1

75 Cents Reduction for Only 2-Axle Vehicles

- A flat 75 cent toll rate reduction for only 2-axle vehicles

		<u>2-axle</u>	<u>3-axle</u>	<u>4-axle</u>	<u>5-axle</u>	<u>6-axle</u>
Baseline	<i>Good To Go!</i>	\$ 5.25	\$ 7.90	\$ 10.50	\$ 13.15	\$ 15.75
	Pay By Plate	\$ 5.50	\$ 8.15	\$ 10.75	\$ 13.40	\$ 16.00
	Cash (Toll Booths)	\$ 6.25	\$ 9.40	\$ 12.50	\$ 15.65	\$ 18.75
	Pay by Mail	\$ 7.25	\$ 10.90	\$ 14.50	\$ 18.15	\$ 21.75
Option 1	<i>Good To Go!</i>	\$ 4.50	\$ 7.90	\$ 10.50	\$ 13.15	\$ 15.75
	Pay By Plate	\$ 4.75	\$ 8.15	\$ 10.75	\$ 13.40	\$ 16.00
	Cash (Toll Booths)	\$ 5.50	\$ 9.40	\$ 12.50	\$ 15.65	\$ 18.75
	Pay by Mail	\$ 6.50	\$ 10.90	\$ 14.50	\$ 18.15	\$ 21.75

Proposed Option 2

75 Cents Reduction for All Vehicles

- A flat 75 cents toll rate reduction for all vehicles
- All vehicles includes 2-axle vehicles, and 3+ axle vehicles such as semi-truck and other vehicles towing a trailer

			<u>2-axle</u>		<u>3-axle</u>		<u>4-axle</u>		<u>5-axle</u>		<u>6-axle</u>
Baseline	<i>Good To Go!</i>	\$	5.25	\$	7.90	\$	10.50	\$	13.15	\$	15.75
	Pay By Plate	\$	5.50	\$	8.15	\$	10.75	\$	13.40	\$	16.00
	Cash (Toll Booths)	\$	6.25	\$	9.40	\$	12.50	\$	15.65	\$	18.75
	Pay by Mail	\$	7.25	\$	10.90	\$	14.50	\$	18.15	\$	21.75
Option 2	<i>Good To Go!</i>	\$	4.50	\$	7.15	\$	9.75	\$	12.40	\$	15.00
	Pay By Plate	\$	4.75	\$	7.40	\$	10.00	\$	12.65	\$	15.25
	Cash (Toll Booths)	\$	5.50	\$	8.65	\$	11.75	\$	14.90	\$	18.00
	Pay by Mail	\$	6.50	\$	10.15	\$	13.75	\$	17.40	\$	21.00

Proposed Option 3

75 Cents Reduction with Per Axle Multiplier

- A flat 75 cent toll rate reduction for 2-axle vehicles
- For 3+ axle vehicles a per axle multiplier applied resulting in reduction ranging from \$1.15 for 3-axle vehicles to \$2.25 for 6+ axle vehicles
- Results in consistent percentage toll rate reductions for all vehicles

			<u>2-axle</u>	<u>3-axle</u>	<u>4-axle</u>	<u>5-axle</u>	<u>6-axle</u>
Baseline	<i>Good To Go!</i>	\$	5.25	\$ 7.90	\$ 10.50	\$ 13.15	\$ 15.75
	Pay By Plate	\$	5.50	\$ 8.15	\$ 10.75	\$ 13.40	\$ 16.00
	Cash (Toll Booths)	\$	6.25	\$ 9.40	\$ 12.50	\$ 15.65	\$ 18.75
	Pay by Mail	\$	7.25	\$ 10.90	\$ 14.50	\$ 18.15	\$ 21.75
			<u>2-axle</u>	<u>3-axle</u>	<u>4-axle</u>	<u>5-axle</u>	<u>6-axle</u>
Option 3	<i>Good To Go!</i>	\$	4.50	\$ 6.75	\$ 9.00	\$ 11.25	\$ 13.50
	Pay By Plate	\$	4.75	\$ 7.00	\$ 9.25	\$ 11.50	\$ 13.75
	Cash (Toll Booths)	\$	5.50	\$ 8.25	\$ 11.00	\$ 13.75	\$ 16.50
	Pay by Mail	\$	6.50	\$ 9.75	\$ 13.00	\$ 16.25	\$ 19.50

Toll Rate Reduction Options: Financial Comparison

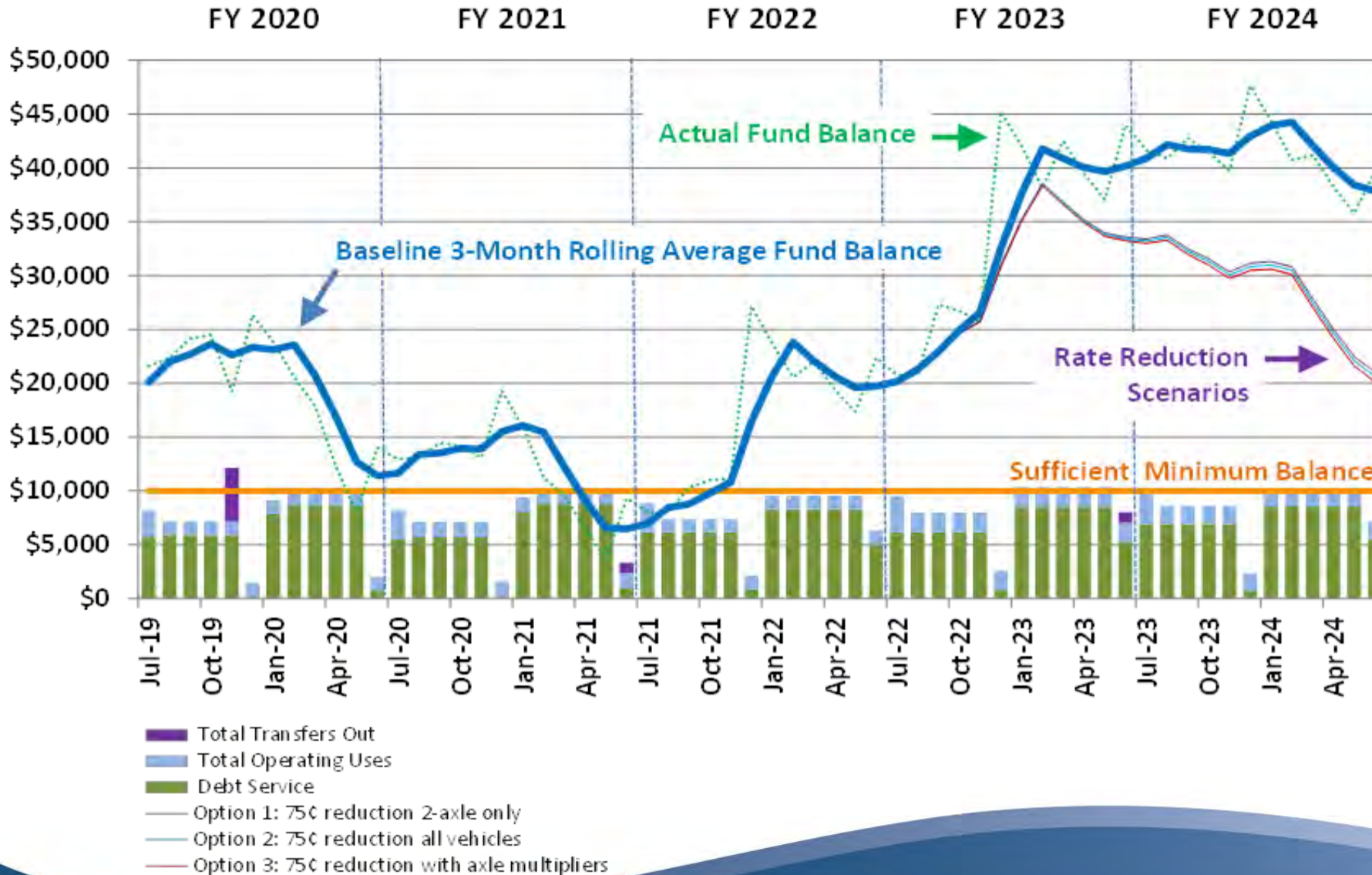
- Financial analysis shows that all three options are viable with the \$130 million in General Fund transfers (\$13 million per year) from FY 2023 – FY 2032 offsetting project net revenue reductions.

Toll Rate Reduction Option	10 Year Net Revenue Reduction (FY 2023 - FY 2032)
Option 1: 75 Cent Reduction - 2 Axle Vehicles Only	- \$ 101.5 million
Option 2: 75 Cent Reduction - All Vehicles	- \$ 104 million
Option 3: 75 Cent Reduction with Per Axle Multiplier	- \$ 107 million

- Results Notes:
 - Results supported by improvements to traffic and revenue projections for a 75 cents toll rate reduction compared to legislative session
 - Relatively small financial variation between options results from about 95 percent of TNB transactions being for 2-axle vehicles
 - Funding from the General Fund not necessary to mitigate a reduction in toll rates may reduce future loan needs for FY 2024 – FY 2030

Potential Impact to TNB Sufficient Minimum Balance

(in \$Thousands)



- WSTC policy to maintain a 3-month rolling average fund balance for TNB Account of at least \$10 million as a Sufficient Minimum Balance
- Loans are not yet appropriated in FY 2024 and beyond, and so not reflected in chart's fund balance.

Toll Rate Reduction Options: Policy Considerations

- The toll rate reduction options provide distinct policy choices:
 - Option 1: Flat 75 cents toll rate reduction for only 2-axle vehicles
 - Minimizes the financial impact by limiting the scope of the toll rate reduction to only 2-axle vehicles
 - Option 2: Flat 75 cents toll rate reduction for all vehicles
 - Treats all vehicles equally with a toll rate reduction applied as a flat dollar amount for all vehicles
 - Option 3: Flat 75 cents toll rate reduction for 2-axle vehicles, with a per axle multiplier applied for vehicles with 3+ axles
 - Treats all vehicles equally with consistent percentage toll rate reductions for all vehicles
 - Consistent with historic WSTC rate-setting methodology for all toll facilities

Public Outreach on Rate Adjustment

On-Line Public Input Forum

- Developing an on-line public input forum to gather public feedback on toll rate reduction options under consideration
- Will be live from mid-June to end of June
- Public will also have the option to provide input on the options through the Commission website, email, and phone
- Public input results will be presented to Commissioners at the July Commission meeting (July 19-20) for selection of preferred option consideration in determining final toll rate reduction proposal

Proposed TNB Rate & Outreach Schedule

- May Commission Meeting (May 17-18): Present & Select Options
 - Commission selects 2-3 options for public input
- June: Gather Public Input via Online Forum
- July Commission Meeting (July 19-20):
 - Select option for toll rate reduction proposal (CR 102)
 - Present public input results & updated analysis updated
- Late August: Final Hearing for CR 103
 - Hold hearing between August 23 – August 26 (TBD)
 - Public testimony will be taken
- October 1: Proposed Date Toll Rate Reduction Takes Effect

Next Step: Select Options for Public Input

- Requested action:
 - Select 2-3 toll rate reduction options to include for public input in June – July 2022

Questions?

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